

INSIDE: OTTAWA'S PLANS FOR A GIANT SHIP

Maclean's

AUGUST 18, 1986

CANADA'S WEEKLY NEWSMAGAZINE

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Britain's Goodbye?



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CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

AUGUST 18, 1986 VOL. 59 NO. 33



Paying for the Arctic

Ottawa is about to decide the fate of a proposed \$450-million scheme to defend northern sovereignty, but some critics say it would be a waste of money. —Page 8



Taking Toronto at 26

Valerie Bertinelli, who grew up on TV's *One Day at a Time*, now stars as the ambitious Mimi in the TV mini-series *TV Talk*. Bertinelli being filmed in Toronto. —Page 46

COVER

Britain's goodbye?

The Commonwealth meeting in London brought to a head one of the most serious crises in the association's history, pitting Britain against its former possessions on the issue of sanctions against South Africa. The summit raised questions about whether other nations here, including Canada, may step into a leadership vacuum left by Britain. —Page 14

COVER PHOTO: GARY GUN



Buying on borrowed cash

With rules of mutual funds loosening, more and more novice investors are borrowing money to buy into the funds—and the consequences could be dangerous. —Page 20



The books of the profits

The market for business books is hot. In fact, authors are negotiating record advances for their accounts of money, power and boardroom politics. —Page 44

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A native crisis

I never realized the full extent of the crisis facing the Indian people of Canada until reading your article "A Canadian Tragedy" (Cover/Special Report, July 14). I am saddened that the situation has been allowed to deteriorate and enraged that both provincial and federal governments are not providing adequate programs to head off potential disaster. How many more young Indians will have to die the fatal deaths like those seen at Pelee Lake before the suffering of these people is recognized and alleviated?

—ROSALIE KEMPEL
Berwyn, ARN

I am deeply appreciative after reading your excellent Special Report, "A Canadian Tragedy" (The crisis facing Indians, Métis and Inuit communities is often inadequately addressed under our present system. Issues such as land claims, aboriginal rights, self-government and other concerns require collaborative and long-term strategies and plans. Elected and appointed officials tend to select short-term expedient means to avoid responsibility. The media have a crucial role in ensuring that federal and provincial politicians and bureaucrats are more accountable for their part in contributing to this tragedy.

—ALAN CLARKE
Ottawa

I read the article about the fatal drinking party in Pelee Lake at which an Indian died from drinking duplicating fluid, and tears of frustration, anger and sadness trickled down my face. We could



Natives at Pelee Lake, frustration

the Indians' land and killed, tortured and enslaved them. In addition, we continuously gave them smallpox and, because they had no immunity, thousands of Indians died. We also stole them of their religion and tried to take away their identity. However, the Indians managed to survive, and I know they will continue to fight to keep their culture and identity alive.

—LYNN MEYER,
Mystic Ridge, B.C.

Wildlife amid urbanization

Your statement that thousands of native peoples are "no longer able to hunt because the northward-moving bulldozers, timber-cutters and drilling rigs have snared off the moose and deer and muskrats" is both wrong and misleading ("A Canadian tragedy," Cover/Special Report, July 14). As a former director of wildlife for Ontario, I can assure you that wildlife will coexist not only with development but even with outright urbanization. There are wild deer living within 10 km of your downtown Toronto headquarters, so many small wild mammals in the city that an extensive anti-rabies program is under way, and even an abundance of muskrats in the remaining marshes. The fact is that in the North, development, especially logging, often results in a renewed habitat and even an increase in the amount of wildlife, particularly deer and moose. Your statement that the wildlife has been "heard off" reflects a truly awesome urban ignorance of ecology. It may be true that native people depend less on hunting than they did years ago. It may also be true that the state of native affairs in a Canadian tragedy. But there's another Canadian tragedy that deserves attention—and that is the misinformation about natural resources that appears in such places as your magazine.

—J. DOUGLAS BORDENHAGEN
Toronto

PASSAGES

DIED Roy Cohn, 50, the brilliant but controversial lawyer who gained fame as chief interpreter for Senator Joseph McCarthy during the U.S. Communist witch-hunts of the 1950s, of cardiovascular arrest after suffering from an AIDS-related infection, at the National Institute of Health near Washington, D.C. Cohn became one of the world's most visible figures during the televised 1950-54 hearings into the alleged Communist infiltration of the U.S. army. More recently he gained infamy because of links to underworld figures. Last June a panel of New York judges found him guilty of dishonesty, fraud, deceit and misrepresentation and disbarred him.

DIED William Schroeder, 54, the largest living permanent artificial heart recipient, after suffering a series of strokes since the Juvark-7 heart was implanted in his chest on Nov. 22, 1984, in Louisville, Ky. On March 25, 1985, Schroeder marked his 117th day with his new heart, equalizing the time of the first permanent artificial heart recipient, Barney Clark, who died in 1983.

AWARDED To Penthouse International vice-chairman and *Omen* magazine president Kathy Reston, 47, \$2.75 million in damages following a libel suit against *Harper* magazine and its publisher, Larry Flynt, by a U.S. District Court jury. In General, N.H. Reston had sued *Harper* and Flynt for \$2.2 million, claiming that since 1975 Flynt had been publishing material that maligned her, including a cartoon that suggested she had contracted a venereal disease from *Penthouse* magazine publisher Bob Guccione, with whom she lives.

DIED Hjalmar Sorenson, 85, a former assistant to legendary Canadian doctor Norman Bethune, after a lengthy illness, in Vancouver. During the Spanish Civil War Sorenson acted as interpreter and chief aide to Bethune while Bethune supplied blood and performed operations for the army of the Republic. During his career Sorenson also worked for Canadian naval intelligence, the Cuban Ministry of foreign affairs and the international service of the CIO.

GRANTED Asylum to former Central Intelligence Agency agent Edward Lee Howard, 32, who disappeared from his Santa Fe, N.M., home last year before the Federal Bureau of Investigation charged him with espionage by the Soviet Union. The FBI claimed that information Howard allegedly sold to the Soviets for \$6,300 damaged the CIA's operations in Moscow and led the Soviets to arrest and execute a Soviet CIA contact.

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COLUMN

The fact that we Canadians unduly patriotism should not have caused us to rebuke Americans as they redeclared the Statue of Liberty and celebrated their national birthday. To read Alina Pothier's July 14 column under the striking headline "By the dawn's early light" made me wonder how we would like a prominent American magazine spoofing our national anthem. This had taste is compounded by a gift reference to "a very present, unsolicited, another reminder to a crack the country heralded by having to click out of Vietnam." This would infuriate if the snarl were along in the other direction. —MALPHI SKOTCHDOPOLE
Pender Island, B.C.

After reading Alina Pothier's column, I was once again struck by the prevailing self-righteous attitude expressed by Canadians when discussing the United States. It seems odd that Canadians must always measure themselves in relation to the United States. Is that the standard? The editor is especially hypocritical in *Almanac*, which constantly and almost exclusively tries to highlight that which in "Canada's Case on Canada, Qat being no inane." —VINELLA DASSANAYAKE
Revelstoke, N.Y.

Moving to the beat

As a Bayliffian fan, I read with interest your article on the "beat" in the "pop" of the "beat" (Interpretation, July 21). However, contrary to the article and indeed to popular belief, the duo did not "own" the term "bushy." The word was first used by James Jacques-Pollack (1901) to describe his system for developing grace and rhythm through bodily movement in dance in response to music. —MARK G. CHAMBERS
Malibu

Neither helpless nor a victim

While it is good to see your magazine denoting apathy to people with disabilities and their "compensations" (A world of wonder, March 25), I would like to see, July 21, the use of the word "unhelped" is unacceptable as many groups try to put a positive emphasis on disabling conditions. A person who has a disability is neither "crippled" nor is he or she a "victim." This words imply helplessness and passivity, and people such as Rick Hansen are anything but helpless. —VALERIE KLOSC
Saskatoon/Saskatoon Atlantic Council, Saskatchewan

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Mail correspondence to: Letters to the Editor, Maclean's magazine, 1000 Avenue of the Stars, Suite 100, Toronto, Ont. M5V 1A7.

Column

A discordant song of sanctions

By Barbara Amiel

It was my bad luck to be in London last week when the Commonwealth parliament was attempting another of its dreadful sessions. Last week's performance started our own Boris Mulrooney, who seems to have found his natural oratorical level in the company of such windbags as the notorious secretary general of the Commonwealth, Sir Shindhi Ramphal. It is worth remembering, in between all the sentimental claptrap about the Commonwealth, that Ramphal rose to power in Guyana during Robert Burnham's corrupt regime and was attorney general for that sad country in 1978, the year the army carried off ballot boxes in a notoriously rigged election.

But then the background of most leaders present at the Commonwealth conference would not bear scrutiny: Zimbabwe's Prime Minister Robert Mugabe presides over a country that still has in place the state of emergency established by Prime Minister Ian Smith. Amnesty International recently documents the human rights violations in Zimbabwe. One business woman from Manabetsland was raped by army-governed guerrillas last year and got a six-month jail sentence for keeping quiet about a murder, thereby "failing to report the presence of terrorists." Malawi, Zambia, Ghana and Kenya among others, all have anti-party states with detention without trial and political prisoners. I don't know how Brian Mulrooney copes with the humiliation of having civilised discussions about freedom and justice with African leaders who don't give a fig about it. One would think he would at least have the grace to be as straightforwardly as a dictator himself and Canada from these hypocrites.

The Commonwealth meeting was designed to launch Rinaut Papp, Mrs. Margaret Thatcher, into her new sanctions against South Africa. Mrs. Thatcher remained unimpressed by Mulrooney's impassioned speeches about a small black boy who would one day grow up to be Prime Minister. She politely refrained from pointing out that Canada had little to lose as everything to gain by sanctions and only everything to gain by the South would impose black Africans without bringing the end of apartheid nearer.

Her task is thankless. By now, to be unimpressed is deemed to be pro-apartheid. The fact that sanctions may be regressive and harmful is beside the point is the great leap of cheerfulness, trade unions, politicians and their lack, all proclaiming about self-righteousness. They do not want anything to disturb their confidence in smugging the moral high ground.

But it is safe to say, alas, that sanctions have never worked in the sense of bringing about fundamental change in the political system of a country. Sanctions have failed to change policy in Afghanistan just as they failed in Rhodesia. On the whole, we have decided that a policy of isolation rather than exclusion probably has a more modest effect on regimes we don't like. Insofar as the Soviet Union of today is any better than the Soviet Union of Stalin and Khrushchev.

To be against sanctions is deemed to be pro-apartheid. But sanctions never bring fundamental change in policy

cher, it is probably because of encouraging cultural exchanges, travel and trade.

The Rinaut Papp Group did not even try to set out detailed arguments in favor of sanctions, not surprising. Sanctions are at best a spasm of the heart rather than mind. Half of South Africa's \$19-billion import bill is manufactured goods which could easily be made in South Africa—increasing her march to a self-sufficient dictatorship. Oil remains stubbornly cheap. Some economic estimates sanctions will have no severe long-lasting effect on the economic survival of South Africa. They will only reduce employment for blacks and suffer the Africans' determination not to be misled.

The evolutionary politics of the West have already forced South Africa to create a strong defense industry of its own and has made President Botha a hero to his right wing. They have gradually undermined the profitability of the West, which was having a tangible if belated effect on dragging South Africa toward

change. Meanwhile, as we violate ourselves from South Africa, President Botha can feel free to roll back the reforms that lifted the lid of black repression and helped fast increased dissent.

Given that the rationale for sanctions seems to decay, why do so many people still favor them? Well, some advocates actually hope that as sanctions make lives together for the blacks, South Africa will explode into a Marxist revolution. Others grandly believe, mistakenly, that somewhere "sanctions will" change the government for the better. But most people, I think, feel impelled for strong psychological reasons to do something, anything about apartheid. It is their way of distancing themselves from racism.

Racism is a common human vice. It has always been justified by some excuse: the Jews were too close, the blacks too barbaric. Whites have never had a monopoly on racial prejudice, but it has recently been a strong theme in our history. By now, however, every Western country except South Africa has coerced racism from official government policy. Finally, as for official racism exists today, it is only in southern countries such as Uganda, where the Asians were victims of black racist policies. But far more whites, racist South Africa symbolizes their own pretexts and the way men of other far worse regimes cannot. When we look at South Africa it is as if we were seeing a mirror never seeing only our ugliest faces.

It is a mirror that should be scratched. But not at the expense of African blacks. We should be exerting strong moral suasion on the House of Lords, underlining the value of rewards for apartheid's end. Instead, at the very moment when white South Africa finally admits apartheid is doomed, the West fees up punishments. Black South Africa needs a Marshall Plan: more investment, direct grants to black towns, tough rules on pay and working conditions for blacks in Western companies, scholarships for black students. White South Africa needs to know that though it will lose privileges in this new Africa, it need not fear for its life there. It needs more not have the rhetorical flourish of Mulrooney's high sentimentalism, but they could work.



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Patrolling the Arctic

On a paper, the ship is magnificent. An artist's scale rendering shows her graceful red hull smashing effortlessly through an Arctic ice field. Amadabaks, huge red maple leaves are emblazoned on two smokestacks and a Canadian flag flutters from a mast high above the deck. Taped loosely to the door of a 12th-floor Ottawa office, the illustration is a source of pride for a case-obsessive arm of the Canadian Coast Guard.

The eight-member staff of the Polar Icebreaker Project have labored for more than 15 years designing a modern vessel, almost as long as a city block and as wide as a football field, to patrol Canada's Arctic waters. Now, the federal cabinet is expected to decide within weeks to go ahead with the project or to abandon it altogether.

A full year has passed since the U.S. Coast Guard icebreaker *Polar Sea* crashed entangled through the Northwest Passage. But the Conservative government remains divided over whether to pay the huge cost of asserting its sovereignty in the Arctic with a polar icebreaker of its own. Proponents say that if the ship is built, Canada will have the largest and most luxurious icebreaker in the world. Detractors say that the government will be pumping a staggering \$400 million on the wrong horse.

The voyage of the *Polar Sea* last August caught an embarrassed Canadian government unprepared for any meaningful defense of its claim that it owns and controls the 1,538,771 islands in the Arctic archipelago and the waters that surround them. Ottawa's mild initial reaction to the ship's 30-day, 1,500-mile voyage in waters claimed by Canada required Canadian nationalists and created a furor in the Commons. As a result, External Affairs Minister Joe Clark announced last September that Canada would defend its Arctic territo-

ry by drawing a boundary enclosing the entire archipelago, by applying Canadian civil and criminal laws in Arctic waters—and by building an icebreaker capable of operating year-round in the Arctic. Although the ship would be costly, Clark told the Commons, "The government is not about to concede

the issue concluded, "Icebreakers have little security value: satellites or aircraft are more effective for reconnaissance and aircraft can most quickly dispose of any hostile surface vessel." While the committee recognized the "important role" of a polar icebreaker is eventually spending up the Northwest Passage to non-military traffic, it suspended judgment on whether the costly measure was needed now.

Douglas Clark's bold defense of Arctic sovereignty at his own cabinet deliberations—the issue has stalled over the issue of funding. A senior External Affairs official said it was unlikely that the department would pay a major share. "If you want to look at the External budget," he said, "maybe we could afford the steering wheel."

However, Pierre Bessy, the newly appointed defense minister, is also reluctant to have his department bear the cost, a Defense official told Macdonald. The official said that the minister believes the icebreaker could drain too large an amount of funds from other programs. In July Bessy unveiled plans to put a new wave of four new submarines in service by 1995, and last week he announced a 10-year, \$5-billion program to replace Canada's 10 Sea King submarine-tracking helicopters with new shipborne aircraft. While the diesel-powered submarines would have marginal value in the Arctic because they run travel underwater for only two days, the department is also considering a potential rival to the icebreaker: nuclear submarines capable of speeding north under the ice fields. The most likely scenario is that several departments will share the cost of the submarine, including the department of transport, which has direct responsibility for the Coast Guard.

The Coast Guard's icebreaker is first proposed by the Liberal govern-

ment in 1971 after the American tanker *Manhattan* traversed the Northwest Passage in 1969 and 1970, sparking an earlier crisis over Arctic sovereignty. By 1975 the Coast Guard had designed a 30,000-horsepower icebreaker, only to abort the blueprint in 1978 when the government approved design of a nuclear icebreaker. By 1981, with Arctic resource development slowing and the *Manhattan* voyage a distant memory, cabinet scrapped the nuclear icebreaker and ordered the design of the current 300,000-horsepower proposal. The leading icebreaker of the 1980s icebreaker project office now outlines the paper scenarios of three complete ships. Documents obtained by Mac-

don in eight-week short of ice. Its nearest rivals would be three nuclear-powered Soviet icebreakers capable of 75,000 horsepower. If the ship is built to Coast Guard specifications, it will set a new standard of comfort for Canadian Arctic explorers. The design includes individual cabins for the crew—each equipped with television—a swimming pool, sauna, theatre, gymnasium, exercise and hobby rooms.

However, the Coast Guard design is facing stiff competition from three private companies claiming that they can deliver a paved-down icebreaker at a saving of \$100 million or more. The proposals, submitted after Clark's September statement, came from two Cal-

ifornia-based firms, Canadian Marine Drilling Ltd. and Arctic Transportation Ltd., and a Vancouver company, Wharfedale Arctic Ltd. They were not nearly as detailed as the Coast Guard's

design. If it were approved, would go to one of three shipyards. Each of the three—Saint John Shipyarding and Dry Dock Co. of New Brunswick, Versatile Pacific Inc. of Lunenburg, and Versatile Pacific Shipyarding Inc. of Vancouver—received \$400,000 in federal funds in 1984 to draft detailed construction proposals based on the Coast Guard design.

These companies, like the staff of the Polar Icebreaker Project, are anxiously awaiting a cabinet decision. Macdonald, who has revealed 12 years of his career designing a ship that may never leave the drawing board, acknowledged, "This is moving around the bend, just sitting, waiting day after day after day. Then he adds, "You would have to say, though, this is the closest we have ever been."

—KEN MACQUEEN in Ottawa



MacCoy: new doubts after 15 years on the drawing board



Arctic's rendition of proposed Polar Sea icebreaker; the Manulife (below) is expected to decide within weeks

don's under the Access to Information Act show that since 1978 alone, the expense has cost \$4,580,131.

The estimated \$400-million cost of the most recent Coast Guard design is only the first installment. Ship specifications obtained by Macdonald estimate the annual cost costs alone, measured in 1980-1981 dollars, at \$15 million to \$20 million. In current funds, the annual operating costs, including fuel, maintenance and the expense of a 116-person crew, are estimated at between \$45 million and \$60 million—an amount almost equal to the icebreaker and ship-maintenance budget for the entire existing Coast Guard fleet.

For the money, the government would be getting a ship with combined diesel-electric and gas turbine engines which could generate 301,000 horsepower and drive the 27,000-ton, 194-m ship at a steady three knots through

icy-based firms, Canadian Marine Drilling Ltd. and Arctic Transportation Ltd., and a Vancouver company, Wharfedale Arctic Ltd. They were not nearly as detailed as the Coast Guard's



design and did not include firm cost estimates. But members of an independent committee established by the transport department concluded last December that any of the three could be built more cheaply and quickly than the Coast Guard's version. Still, William McElroy, program manager for the

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Anger over a wheat deal

Prairie farmers, whose traditional concerns include the weather, wheat-eating grasshoppers or the overstrained railways, face major problems from a new source: Washington. Last week many western grain farmers expressed anger at President

it doesn't sit well at all with me." Washington's decision to offer subsidies to the Soviet Union was a direct result of the decline in international wheat prices. This year, because European producers were offering lower prices than the Americans, the Soviets

Most industry analysts say that the U.S. measure will push down grain prices. The price paid to Canadian farmers, they say, has already dropped 19 per cent this year and now would fall another 30 to 35 per cent. For Canada, which exported 175 million tons of wheat in the last crop year, 30 per cent of it to the Soviet Union, the latest price drop could mean a loss of \$400 million.

To help farmers, Ottawa paid out \$280 million from the Western Grain Stabilization Fund in April. Now, many grain industry groups are demanding that Ottawa provide deficiency payments to cover the shortfall between the international price of wheat and farmers' production costs. But the government has so far refused because of the high cost involved—up to \$2 billion for this year alone. What Reed Minister Charles Moyer told Mulcair's last week that Ottawa will not make a decision about deficiency payments at least until it can assess the fall harvest. Moyer acknowledged that the outlook for Prairie farmers is "not rosy," but said the impact of the U.S. subsidies had been exaggerated and that traditional markets for Canadian wheat remain firm.

Most experts say that the only long-term solution is for grain farmers' problems would be to end to the price war between the United States and the European Community, both of which pay huge subsidies to their farmers. Mulcair criticized agricultural subsidies last May in Tokyo at the annual economic summit. He received only vague undertakings from the Americans and Europeans to discuss the issue further in September during a meeting on the General Agreement on Tariffs and Trade. Clearly, the western farmers need either massive government aid or a dramatic change in the international situation. Neither is imminent.



—PAUL GENDREAU, with IAN KESTEN in Washington. GENDREAU is a Winnipeg and DALE BERGER is Regina.



Grain elevators in Alberta; Moyer (below) asking aid to ease a cool-price squeeze

Ronald Reagan's decision to offer as little as much as four million tons of subsidized wheat to the Soviet Union. Saskatchewan Wheat Pool president Ted Turner described the decision as "a blatant stab at Canada." Other grain industry leaders said it would further the recent decline in international grain prices and hurt the already weak Prairie economy. Saskatchewan Minister Les Clark of Manitoba, chairman of the Committee on International Trade, said the decision is "a clear statement of our rural communities will be unbearable."

Many farm organizations, grain companies and Prairie politicians are seeking help from the federal government. Said Murray Cosman, chief executive officer of Manitoba Pool Elevators: "Ottawa is going to have to consider some form of financial assistance if we are going to avoid a major shake-out in the industry." The pressure for aid will intensify this week when the 16 provinces meet in Edmonton for their annual conference. Western producers said they were determined to have agricultural issues discussed at the conference. Devalued Saskatchewan Premier Ed Stelmach said: "Economically and politically,

bought only 150,000 tons of the 4 million tons of wheat they had agreed to purchase annually from the United States under a 1983 contract. As a result, Ottawa approved subsidies of about \$13 a ton as the cost of the remaining 3.5 million tons. Legislation now before Congress provides for further subsidies to the Soviet Union and China until 1988. Prime Minister Brian Mulroney and his Australian counterpart, Robert Hawke, both attacked the subsidies. The decision also led to a sharp debate within the Reagan administration itself. Secretary of State George Shultz and American taxpayers would be making it possible "for a Soviet

heavens to buy American-produced wheat at a price lower than an American knows." But Reagan was clearly responding to strong pressure from Republican congressmen facing re-election that fall in grain-producing Midwest farm states.

Accounting on the stand

Debate was not expected when a chartered accountant took the stand at the federal inquiry investigating conflict of interest allegations against former cabinet minister Sinclair Stevens. But last week the evidence prompted a call for his resignation from Parliament and an angry reaction from the embattled minister's attorney. At issue was testimony that Stevens, who resigned as industry minister on May 12, discussed the affairs of his companies with a chartered accountant while he was in the federal cabinet—and when his holdings in several companies were a blind trust.

Dr. Leonard, a chartered accountant who audited several of Stevens' companies, testified that he met twice with Stevens and his wife, Nancy, at their home, while Stevens was industry minister to discuss the shady finances of York Centre Corp., the family holding company. Previously, Stevens' wife, Shirley Walker, testified that she continued to conduct private business matters for Stevens after she joined his ministerial staff. The guidelines state that there is "no direction from or control by the public officer holder who has placed the assets in trust." In response, Stevens said the House of Commons "I have complied with the provisions of the conflict of interest code for public office holders."

Leaders testified before Ontario High Court Judge William Parker that he and the Stevenses conferred in March 1985, and again last April as strategies for restructuring the companies. Later Liberal justice critic Robert Kaplan and others at the hearing roared: "The member should resign in light of the conflict between what he told the House and what seems to be the truth." Stevens' lawyer, John Rogers, was outraged that Kaplan, a lawyer, made his statement "not only before the witness is cross-examined, but before the accused gets a chance to give his evidence."

Indeed, Leonard later testified that much of the discussion during the first meeting centered on concepts for reorganizing companies rather than specifics. But the committee counsel David Scott noted that Leonard's records from the second meeting showed that transactions related to GRI Construction Ltd.—a private Stevens firm that is not required to publicly report its finances—were included in the discussion. Stevens may take the time to explain his case later this month.



Michelin workers at Granston plant "a thorn in the side of the labor movement"

Labor resumes the battle

The Nova Scotia position at Vancouver's Expo 86 greatly displays the first radical tire made in Canada. The tire was produced by the Michelin Canada Ltd. factory in Granston, N.S., in 1991. Since then, the factory has become the focus of a long and bitter labor dispute. A Canadian labor union, the Canadian Auto Workers Union (CAW), was launching the third major attempt in seven years to unionize 1,300 workers at Granston and in Michelin's two other Nova Scotia factories. The province's Conservative government passed controversial labor legislation in 1979 that made the union's task more difficult. Said union spokesman Allister MacLeod, who led an unsuccessful \$300,000 organizing bid by the Canadian Labour Congress (CLC) last year: "Success at Michelin for any union would be a great victory."

Under the direction of its neighborhood president, Robert White, the CAW has developed three full-time organizers and recruited dozens of volunteers from the Michelin plants. Last week the union had established offices at the plants near Granston, Bedfordview and Waterville, and began handing out booklets at factory gates. White conceded that it was "a difficult challenge" persuading the workers that joining a union was in their interest. Said the leader of the 140,000 member CAW: "If a majority of the Michelin workers are not interested, we'll get

our name on the 'no-union' sign." For their part, company officials said previously that the union effort was doomed to failure.

Attempts to organize workers at Michelin began in 1979. It was that year a drive by the International Rubber Workers Union came close to succeeding, but collapsed after Michelin persuaded the provincial government to introduce Bill 96, the so-called Michelin Bill. The legislation prohibits certification of workers at a single plant if a company has more than one factory in the province. "No success," a union must now sign up an overall majority of workers at all the company's interdependent plants. The bill sparked protests by labor organizations across the country. Said political science professor Rod Ashby of Dalhousie University: "Michelin is a thorn in the side of the labor movement."

The bill is not the only barrier to organizing Michelin workers. The company pays above-average wages and has introduced a no-layoff policy. As well, the plants are located in rural areas where union traditions are not established. Michelin workers, said the CAW's MacLeod, "don't want anything to do with an international union." However, the CAW broke away from its American parent, the United Auto Workers, last September. "If there is any way of organizing Michelin," said MacLeod, "this has to be it."

—DOUGLAS JONES in Halifax



The Commonwealth's Gansky, Mulrooney, Nampah, Hawks, Mugabe and (seated) Thatcher, Findlay and Kaunda: left

BRITAIN'S GOODBYE?

WORLD COVER

They posed for the usual photo-graphs: seven Commonwealth leaders sitting together on the marbled floor of London's Marlborough House, the grand 18th-century residence that serves as the organization's headquarters. After the two-day mini-summit ended five hours later, a few delegates even found the usual statements about the Commonwealth remaining as unified as ever. But neither the pictures nor the platitudes were convincing. At last week's special session on South Africa, squabbling six of the leaders decided to impose 11 economic sanctions against the white minority regime. But the seventh and most controversial delegate, British Prime Minister Margaret Thatcher, agreed to only two token measures—and then, in her words, "only with reluctance." The British stand, said Zimbabwe Prime Minister

Robert Mugabe, left him "utterly damaged and disoriented." And Indian Prime Minister Rajiv Gandhi added, "Britain is not the leader anymore, not in the Commonwealth. It is compromising on moral principles for economic need."

The meeting brought to a head one of the most serious crises in the modern Commonwealth's 35-year history. But in one sense the meeting was a limited success. Zimbabwe leader Kenneth Kaunda did not carry out his threat to withdraw from the Commonwealth over Thatcher's antiafricanism stance, avoiding the serious rupture some analysts had predicted. And the six countries—Canada, Zambia, Zimbabwe, India, Australia and the Bahamas—imposed the punitive sanctions they threatened at a fall summit in the Bahamas last October, including bans on air links and agricultural im-

ports. The rest of the 46-nation group is expected to adopt at least the bulk of the package. Prime Minister Brian Mulrooney, who won praise from black Africans for his procommonwealth stand, even found solace in Britain's mild measures—voluntary bans on new investment and the promotion of tourism in South Africa. Those measures, said Mulrooney, represent "some serious movement, which I heartily applaud."

Shuffled: But the fact remained that Britain, which last year earned \$2.6 billion in trade, investment and services in South Africa, badly blunted the impact of the measures by refusing to accept most of them. That was a clear setback for Commonwealth countries, which will have to make significant economic sacrifices to impose sanctions. Mulrooney said his government is only beginning to

consider how severely Canada will be affected by its own sanctions, which are expected to take full effect by Oct. 1. But the hardest hit will be the frontline states bordering South Africa.

Slide: Less than 36 hours after the London meeting ended, Pretoria's foreign minister, Bheke (left) Botha announced a series of countermeasures aimed at neighboring nations. And South African customs officials began stopping trucks from Swaziland, Zimbabwe and Zaire for long border inspections to help implement a new levy on goods passing through South Africa to Zambia (page 28). Said Allan Gansky, executive director of the South African Association of Freight Forwarders: "The screws are being tightened."

The outcome of the London meeting

was's opposition. Liberal party declared "Britain has lost the political and moral leadership of the Commonwealth. That leadership has now passed to Australia and to Canada."

But that pronouncement may be premature. Clearly, the Commonwealth—a unique blend from the days when Britain ruled not only the seas but a sizable portion of the earth as well (page 29)—is undergoing change. In recent years the London government has aligned its foreign policy less with the interests of mostly Third World ex-colonies and more with the European Community (EC) and the United States. British officials deny that they have any intention of abandoning the organization; their predecessors crossed Linda Chalker, a minister of state in the British Foreign Office, called the organization "a family of

gold-fingered colts. They also agreed to consider a list of "further measures" if a seven-member Commonwealth committee raised the Eminent Persons Group could not persuade the South African government to move toward ending apartheid. On June 11 the group reported back. Pretoria, it said, refused to negotiate with black representatives and the Commonwealth should take "concerted action." The following day, South Africa declared a national state of emergency and began arresting thousands of people without charge.

But Thatcher continued to resist calls to impose harsher sanctions, despite the fact that more than half of the Commonwealth countries protested her stand by withdrawing from the Commonwealth's Games in Edinburgh, which closed two weeks ago.



Crossroads squatter camp outside Cape Town; Botha (below), countermeasures aimed at neighboring nations

nations" and added, "That family, like any family, has its stresses and strains. But that family is one family, may it hold remains."

Violence: The London showdown was the most serious step yet in a growing Commonwealth campaign against South Africa, where five million whites rule 35 million disenfranchised blacks and violence has killed more than 2,500 people over the past two years. At the October Bahamas summit the leaders of 46 nations, including Thatcher, imposed voluntary trade restrictions against Pretoria, including bans on government loans and sales

Thatcher joined her hopes on a seven-day, 10-sponsored mission to southern Africa by Foreign Secretary Sir Geoffrey Howe. But most South African black leaders would not even meet with Howe, and two weeks ago President P.W. Botha again refused to make any concessions, setting the stage for what promised to be a heated London mini-summit.

The Commonwealth leaders arrived in Britain hopeful that the Iron Lady would finally bend. A pre-meeting poll in *The Sunday Times* of London found that 85 per cent of British respondents were dissatisfied with Thatcher's handling of the sanctions issue, at least partly because she had isolated Britain internationally. "It is getting to the point," said one Commonwealth office "where Thatcher is going to have to act, if only to avoid domestic accusations of mismanagement." But at the



help blacks in southern Africa."

Britain has also been drifting away from its Commonwealth partners economically. The share of British exports to Commonwealth countries dropped to 11 per cent in 1980 from 24 per cent in 1960 and Britain has grown increasingly dependent on the EC, which it joined in 1973. London contributes 28 per cent of the EC's total budget for Third World aid—money which is just as likely to go to former French, Dutch and Belgian colonies as to Commonwealth countries. But British officials claim that London's membership in the EC is an balance beneficial to members of the Commonwealth, since it provides a bridge between industrial-

cizes the policies of Western industrialized countries. And the Canadian government, by trying to negotiate a free trade agreement with the United States, has signalled that Canada's economic future will depend more on close relations with its southern neighbor than with the rest of the world.

Influence: Some British politicians have said openly that London should consider pulling out of the Commonwealth. Kenneth Fowell, a right-wing Uniate MP from Northern Ireland, said that in recent years some Commonwealth countries have abused their membership by trying to force changes in British foreign policy, turn-

"boon the unity" of the leaders of they state. "After all," said the consultant, "if you are president of Sierra Leone, what else is there?" More vocal in the economic relationship than the British, senior fellow with Carnegie Endowment in Washington, said the Commonwealth is unlikely to "come apart at the seams. Where would people like Canada go economically?" There is a relationship there that is pretty important to some of these countries.

The association's success, held every two years, often produces agreement on nothing more than broad generalizations, such as the need to reduce the risk of nuclear war. But the group

AN IMPULSE FOR SURVIVAL

COVER

For more than 20 years the expanding Commonwealth has unified—and sometimes divided—people from such diverse areas as southern Africa, the South Pacific, Asia and North America. The member nations share two things to connect them: they are former British colonial possessions and they recognize the British monarch as their head of their association. Despite the religious, cultural and economic diversity of the organization's more than one billion members, the Commonwealth has managed to surmount or skirt deep political differences and make some major achievements. Said Sir Arthur Chatterjee, chairman of the Toronto branch of the Royal Commonwealth Society: "The Commonwealth is a good cross-section of what the world is all about. It is better fitted than any other international group."

United: From the 17th century it was known as the British Empire. But at a 1955 Imperial Conference, Britain introduced the less imperial-sounding British Commonwealth of Nations to describe the autonomous members of the old empire. The independent status of the members was defined by Lord Bailor, chairman of the Inter-Imperial Relations Committee, which laid the foundation for the present-day Commonwealth. Bailor's principles, embodied in British law in 1931, stated that members were "equal in status, is no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations." In 1948, which marked the beginning of the modern Commonwealth when India decided to become a republic, the group dropped the word "British" from its title to further ensure that

there was no feelings of inequality.

Since its inception the Commonwealth's major official functions have been the conferences of heads of government now held every two years in different parts of the world. The next one is scheduled to be held in Vancouver in September, 1987. In its early days the Commonwealth was small and homogeneous enough so that its gov-

ernment has described Commonwealth conferences as "time-consuming, tedious, slow and exhausting."

But at times, the group has resolved difficult issues. Seven years ago at the London conference of Commonwealth leaders in London, the transfer of power from whites to blacks in Zimbabwe-Rhodesia threatened to split the organization. But while many observers have criticized Commonwealth resolutions as having little lasting effect, delegates to the 1970 conference managed to agree on a statement plan that brought Zimbabwe to full independence after a 16-year civil war.

Assurance: As well, Commonwealth supporters point to achievements in aid and development. The Commonwealth Fund for Technical Co-operation (1970), set up in 1970, allocates an annual budget of about \$45 million, more than \$17 million of that from Canada. OFC funds have been used to sponsor trade fairs and surveys in order to help member countries develop export markets. Many Third World countries prefer to work with the OFC rather than United Nations agencies because of their Commonwealth links and a common language.

As well, Britain, Canada and Australia channel hundreds of millions of dollars in bilateral aid to individual countries whose membership in the Commonwealth assures them of preferential consideration. Last year alone, Britain provided \$680 million—nearly half of its total overseas aid budget—to Commonwealth countries. In the same year Canada contributed \$491 million to 37 of the member states. Of the total membership, 95 nations have populations of less than one million and rely heavily on the Commonwealth for aid and support.

While last week's London meeting of seven Commonwealth leaders on South Africa's situation once again brought the future of the Commonwealth—and Britain's role in it—into question, some Commonwealth supporters played the disagreement over apartheid as only another event in the ever-changing history of the federation of nations. Said Chatterjee: "They don't solve everything. Nobody pretends that it does. There's nothing to say it must be 40 members. The future of the Commonwealth is as good as the future of anything else."

—NORA UNDERWOOD with ROSE LOYER in London



Mugabe and Ramphal: "what the world is all about"

emanant leaders held their conference in a striking room at 10 Downing Street, the British prime minister's official residence. Now, for a full Commonwealth conference, the leaders need a halfway-sized meeting place. The sheer size of the meetings, and the diversity of ideologies represented, means that they seldom attempt to agree on more than general statements on peace, social justice and economic development. Indeed, Prime Minister Lee Kuan

has made important political decisions, notably at the London summit in 1979 when Commonwealth leaders drew up a plan under which Zimbabwe gained majority rule. Now, the organization has taken on South Africa's apartheid. Gandhi said last week that he believed the apartheid package, despite Britain's limited participation, "will have a substantial psychological impact on South Africa." It has already had a substantial impact on the Commonwealth itself, touching off a bitter feud between the former southern country and its longtime colonial wards. By the time the lighting is over, the Commonwealth could be permanently altered.

—ROSE LOYER with ROSE LOYER in London and WILLIAM LOYER in Washington



THE COMMONWEALTH AND SOUTH AFRICA

used Europe and the developing world. In 1973 Britain began to ensure that exports from equities in Africa, Asia and the Caribbean were guaranteed access to Europe under an EC trade agreement.

Conflicts: British officials say that they are not alone in facing political and economic ties with nations outside the association of ex-colonies, which can lead to conflicts with Commonwealth countries. The 13 African countries in the Commonwealth are also members of the 30-nation Organization of African Unity, which, at a summit last month in Addis Ababa, condemned Britain's policy on South Africa. Many Third World members of the Commonwealth, including India, belong to the Non-Aligned Movement, a group which frequently criti-

cizes the apartheid rule "as an instrument for external stress." But the London Financial Times, in an editorial last month, said "The Commonwealth is a blessing to Britain because no other former imperial power—and no superpower either—maintains such a range of contacts around the world. Membership enables people to talk to each other in a way that they might not otherwise do." Sir Skirving Ramsay, the Commonwealth's Guyanese secretary general, wrote recently in *The Times* that the association enlarges Britain's "role and influence in the world."

The Commonwealth is clearly valuable to its smaller members. One economic contributor to the Third World said that it is the most crucial source membership in the organization.



Traders on the South African Stock Exchange offer this summer, signs of disquieting concern in the business community

PRETORIA'S DEFIANCE

COVER

As the face of mounting international pressure against South Africa's white-minority government, Foreign Minister Rieffel (Pik) Botha was openly defiant. Describing the nation's stance last week of new economic sanctions against Pretoria by Commonwealth leaders as "cynical, evil and a hysterical stampede," Botha said that South Africa will withstand any pressure to abandon apartheid. "We are prepared to accept a lowering of our standards of living," he declared. "We are prepared to make sacrifices we believe in." At the same time, the foreign minister announced economic countermeasures against neighboring Commonwealth nations governed by blacks. In the future, he said, goods that are shipped through South Africa will require import licenses. And at the same time, a tax will be imposed on the materials, and stricter border controls will be imposed.

The most direct impact was on Zambia and Zimbabwe, two countries that led the Commonwealth campaign for sanctions and are heavily reliant on South Africa for trade and transportation links. Declared the South African foreign minister, "We want them to illustrate total, comprehensive sanctions against this country." He claimed that full trade restrictions would force Zambia and Zimbabwe to "put their money where their mouth is."

Botha accused Zimbabwe's Prime Minister Robert Mugabe of hypocrisy in calling for sanctions while relying on South Africa for 50 per cent of his country's imports. The commercial link between the two countries is so close that Zimbabwe's Finance Minister Bernard Chubbie last year described it as "an unbridled relationship." Botha said that even as Mugabe was criticizing British Prime Minister Margaret Thatcher for refu-

sing to agree to comprehensive sanctions, a Zimbabwe official was signing "important agreements" to a preferential trade agreement with South Africa.

Associations: The foreign minister also charged that other pressurized Commonwealth nations, ignoring Pretoria's programs for dismantling apartheid, had been motivated by self-interest. And he accused Australia and other countries that support sanctions of having a "hidden agenda" aimed at improving their own trade outlook. Botha said that the leaders of Zambia, Zimbabwe and Australia believe that by endorsing sanctions—with the aim of destabilizing the present government and helping the banned African National Congress (ANC) come to power in Pretoria—they could gain economic benefits in the future. Said Botha: "Could it be that Australia has entered into an agree-

ment with the ANC leadership as the marketing of coal in the future?"

The reaction from members of the South African business community to a boycott against the country's exports of coal, steel and iron was one of dispassionate concern. Industry leaders said that thousands of jobs and billions of dollars worth of revenue were at stake. To offset the impact on South African workers, Botha last week reiterated a threat to expel many of the two million foreign African laborers working in the country.

Consequences: One sector which is expected to suffer particularly sharply from sanctions is the fruit export trade, based primarily in the western Cape region. According to South Africa's Overseas Fruit Board, more than one million people living in Cape Province would be adversely affected by the foreign fruit boycott. An estimated 250,000 people are employed in the region's farming, packing and dried fruit industries. While South Africa exports 70 per cent of its fruit to 54 countries in the Far East and North America, its trade value at an estimated annual 900 million rand (R538 million U.S.), the western Cape region sends 50 per cent of its fruit exports to European Community countries.

Not all South African industry sources were pessimistic. Some of them linked at contingency plans said to be already in place to deal with international sanctions aimed at both strategic minerals and air traffic. The plans include the use of foreign ports to disguise the origin of South African exports and the use of neighboring countries' airlines to run shuttle services from within South Africa to connect with the international airways. But few details of possible sanction-breaking plans were offered, so a check of official sources quickly descended South African Minister of Trade and Industries David de Villiers last week warned his counterparts not to give away information on the nation's trade links. "If an economic war is to be waged against us," he said, "then we are bound, just as we would be the case in other warfare, to become less talkative about these issues lest we jeopardize our own position."

As with some industry leaders' optimism, Prime Minister Botha's conviction that sanctions are difficult to enforce. Sir Leslie Smith, the chairman of the British Industry Congress in South Africa (BICA), underlined

both points in Johannesburg last week. Smith said that Communist bloc countries had already begun to approach British firms with offers of "back door" routes for banned trade. British businessmen who want to circumvent sanctions could consign goods to European destinations, then on to Eastern Bloc ports and onward to South Africa, he explained. The same route could work in reverse for South African exports to Britain, Europe or other Commonwealth countries. A BICA spokesman said that the company approached so far have turned down the Communist Bloc offers but added, "We have been verbal all along that a number of other countries will find it easier to get around the sanctions."

Whatever tactics South Africa employs, many analysts say that an international trade ban would dramatically cut the country's vital export earnings and increase the cost of whatever imports it could buy. To an economy al-

ready in the London market last week, Botha said that the 50th anniversary of the atomic bombing of Hiroshima, South Africa's Bishop Desmond Tutu accused the leaders of Britain, West Germany and the United States of "shirking" Pretoria from the consequences of even tougher sanctions. "Unless the international community intervenes decisively on behalf of justice and freedom in South Africa," said Tutu, "then we'll almost see a new nuclear age."

But other black South Africans took the opposite view. Chief Gusha Tshabeni, the leader of six million Zulus in South Africa's KwaZulu homeland, raised concern over the long-term effect of communism. "It's a worst thing that could have happened," he said. "It's a tragedy." Buthelezi, a critic of Pretoria's apartheid policies, said that there would be "terrible consequences" for black South Africans. "The threat of sanctions was always an important pressure on Pretoria to make political changes and move along with reforms," he said, "but now that sanctions are to come, that pressure is gone and the government has nothing left to lose."

Warnings: Many of Pretoria's white political critics also raised objections. Both the Nationalist government and these opposing sanctions are pushing the country further into the spiral of violent conflict," and opposition Progressive Federal Party member Harry Schwarz. His colleague, veteran anti-apartheid activist Helen Suzman, said a Johannesburg rally last week that sanctions would only make the government more defiant. "Liberation is not around the corner," she said. "White put the government in power, and it is up to whites to get them out." And an editorial last week in the influential South African daily *Business Day* warned that "a government which yields to external coercion loses control of its future, and whites in South Africa have nothing to lose as a loss of control."

At week's end, commercial traffic into South Africa from Zambia and Zimbabwe slowed to a crawl as South African customs agents conducted lengthy border inspections. Customs officials said that they were strictly taking a staffed survey of cross-border movement, but some analysts said that the time-consuming checks were a sign of Pretoria's willingness to pass the bridle of sanctions on to its neighbors. "The South African government may be ready to face sanctions and see government's side," "but it is a problem because of the realization that its back is against the wall and it has nowhere to turn."

—CHIEF DEANIS in Cape Town



Botha: 'we are prepared to make sacrifices'

ready boost by 20-per-cent inflation and massive unemployment—some estimate put the number of unemployed blacks at one million—those two factors would come as a major blow. The overall effect of sanctions, the analysts say, would be a short-lived boom of one to two years as local markets absorb some of the export trade and local producers try to fill the gap left in the export market. But, they said, economic stagnation would follow, setting off an escalation of political violence.

Still, others said that the sanctions



Belmont with wife, Matsell, at Senate hearing; Scalia (below) on the record

THE UNITED STATES

A conservative on trial

When President Ronald Reagan appointed William Hubbs Belmont to be the 16th chief justice of the U.S. Supreme Court two months ago, even critics of Belmont's conservative conservatism predicted that he would receive the required Senate approval easily. The only shadow on the 61-year-old justice's record seemed to be the fact that in December, 1981, he had been hospitalized—at first secretly—for a reported "psychotic reaction" to pain-killers he had been taking for severe back problems. But it is not Belmont's health that has turned his confirmation hearings into the most bitter battle over the Supreme Court in nearly two decades. As the Senate Judiciary Committee prepared to vote on his nomination this week, the senators had to take into account testimony and documents that paint a disturbing portrait of the man who will likely head the nation's highest court.

That evidence asserts that Belmont has argued in favor of segregated

schools, harassed black and Hispanic voters and taught two hours on conditions that specifically barred violence to nonwhites or Jews. Much of that testimony was exhibited by Washington civil rights lawyer Joseph Rauh. "It would be an obscenity to let this nomination go through unopposed," said Rauh. "What we have here is a record



of hostility to individual rights that should not be left in his hands."

Compared to the number of the Belmont hearings, last week's congressional investigation of Judge Antonin Scalia—Reagan's other conservative nominee to the Supreme Court—was a model of civility. Senators applauded the fact that, as the son of a Sicilian immigrant, he is the high court's first Italian-American justice. That welcoming attitude was designed to show that committee Democrats were not contesting Belmont's nomination on partisan grounds.

Scalia's record showed that he has consistently staked out conservative opinions in his right of the court's center as has Belmont. Although he has never ruled on abortion in his three years as a Washington federal appeals court judge, Scalia has written critically on the subject. In a 1979 article in the *Washington University Law Quarterly*, he also attacked affirmative action to employ minorities. But Scalia has been best-known for rulings giving a narrow interpretation of the right to free expression. In fact, only three days after his Supreme Court nomination, Scalia issued a 28-page appeal court opinion ruling that the U.S. government had the right to label three Communist films—including the *Academy Award*-winning documentary *You Love This Planet*—"political propaganda."

In his 15 years on the court, Belmont has consistently voted against abortion, affirmative action, school busing and freedom of the press, while championing school prayer and the death penalty. Some Democrats charged that his opinions put him too far out of the mainstream American law to make a suitable chief justice. In 54 cases he cast the lone dissenting vote—including a 1980 case barring tax exemptions for private schools protesting racial discrimination. And he was one of two justices who opposed the court's 1973 ruling limiting abortion. Warned Eugene Ross, president of the National Organization for Women, "It's a disaster for women."

But the most controversial testimony against Belmont was based not on his rulings

but on his behavior prior to his court appointment. In 1953, as a young law clerk at the Supreme Court, he wrote a memo upholding the notion of "separate but equal" schools for blacks and whites. In his 1971 confirmation hearings—after then-senator Richard Nixon nominated him for the Supreme Court—Belmont argued that he had been expressing the views of his boss, Justice Robert Jackson, not his own. But recently Jackson's secretary and confidant, Mrs. Elsie Douglas, has charged that Belmont "inspired the rejection of a great justice." And Jackson's biographer also contends that the opinion was totally inconsistent with a justice who later joined the unanimous ruling prohibiting segregated schools.

Four witnesses also charged that after Belmont entered private law practice in Phoenix, Ariz., and became a Republican activist, he tried to intimidate black and Hispanic voters attempting to exercise their franchise at polling booths after the 1962 Voting Rights Act. Despite Belmont's denial, both in 1971 and early this month, the city's assistant U.S. attorney at the time testified that he was called in to investigate complaints about Belmont's interference with the voting process. Added one witness: "I may not be able to deliver testimony but I know it when I see it."

Opponents also produced copies of deeds as two houses Belmont purchased with clauses along racial and anti-Semitic lines forbidding their resale. He argued that he was unaware of the "obnoxious" covenants and had left the transactions to his lawyers. But a letter to the justice from his lawyer in 1971—when he was already on the Supreme Court—specifically drew his attention to the anti-Semitic clause in the deed to his Vermont home. Civil libertarians were even more disturbed by what they described as Belmont's contradiction of his own earlier testimony. But Rauh: "Justice Belmont has told some things."

Does enough of the committee's Democrats consider privately that Belmont was likely in sole confirmation from the committee and, later, the Senate as a whole in September, their aggressive questioning of Belmont did succeed in planting seeds of doubt. In the process, they also warned Belmont about how they would deal with any other conservative nominees to the high court. That warning came in a week when the President predicted to a Chicago audience that by the end of his term, his court appointments—amounting to no less than 45 percent of the entire federal judiciary—would have a long-range impact on abortion and other key social issues.

—MARK McDONALD in Washington

A senator under attack

North Carolina Senator Jesse Helms has long been a champion of right-wing causes and an opponent of the political left. As a senior Republican member of the Senate Foreign Relations Committee Helms has vigorously supported rightist governments abroad, including the military dictatorship of Augusto Pinochet in Chile, an industry against communism. He has clashed frequently with the state department over its policy of trying to induce Pinochet to hand over power to civilian rulers. But last week his close relations with Chile placed

In their defense, state department officials provided a Helms aide, Christopher Haines, with a classified report on Rojas's death which had been clandestinely obtained by the Central Intelligence Agency from the Chilean armed forces. The report said that members of Chile's military had set traps on live. The day after Martinez was shown the report, outraged Pinochet officials told visiting deputy assistant secretary of state Robert Gelbard that they were aware the Chilean report had been given to the CIA without their permission. The CIA found



Helms: a fiery debate in Chile, a CIA report and obligations of betrayal

him under the shadow of an investigation by the FBI. Officials searching for a person who may have betrayed U.S. intelligence secrets to the Chilean government focused on the 46-year-old senator and his staff. Asked about the investigation, the mostly senator declared, "It's ridiculous."

The investigation arose from a violent demonstration last month in Santiago, followed by the death of a Chilean-born U.S. citizen, Rodrigo Rojas de Negri. Witnesses said that uniformed men beat Rojas and a young woman during a general strike. The assaults then set both people on fire. Rojas died five days later. The state department mentioned Rojas's death and U.S. Ambassador Harry Barnes attended his funeral in July. Helms, who was visiting Santiago at the time, publicly criticized Barnes, declaring that he had "planted the American flag in the midst of Communist activity."

—WILLIAM LOWMYER in Washington

Bridging the gap with Moscow

When Nina Fan waved farewell to her family at the railway station in the northern Chinese city of Harbin in 1953, she had no idea that it might be a last goodbye. Her Russian mother, whose Chinese husband had died, returned to work in the Soviet Union, taking two younger children with her. Nina, then 35, decided to remain behind and work for the Chinese Youth Communist League. The Fans were part of a Chinese-Russian community in northern China and the Soviet Far East who freely moved back and forth during the years of Sino-Soviet friendship in the 1950s. But after Peking and Moscow broke diplomatic relations in 1960, Nina stopped writing to her family in the Soviet Union, fearing that her letters might cause trouble for both herself and her family. But since 1982 China and the Soviet Union have taken cautious steps toward improving relations. Last week Soviet officials announced that Moscow was prepared to recognize China's position on the demarcation of their common border, a longtime subject of dispute. That has given hope to families like the Fans. And Nina Fan said that she has begun writing again to her family.

The Fan family's experience was one of many human tragedies caused by more than 25 years of Sino-Soviet tension. The two nations, allies immediately after the Chinese Communist takeover in 1949, broke a treaty of friendship in 1960 over ideology, foreign policy and their common border. They severed or sharply reduced industrial, cultural and family exchanges. Their 13,000-km-long border was heavily fortified. Battles broke out in 1969 when Chinese and Soviet troops skirmished. But in 1982 both governments began a series of formal talks on improving relations and have since signed agreements to increase cultural and economic ties. Trade, valued at about \$420 million in 1982, is expected to increase to more than \$4 billion by 1990. Late last month the Chinese opened their first trade fair in Moscow since 1963.

Despite the warmer relations, the two powers remain divided over fundamental political

and strategic issues. China reacted coolly to a July 28 speech by Soviet leader Mikhail Gorbachev pledging to withdraw some troops from regions bordering China, including Afghanistan and possibly Mongolia. Western diplomats said that Gorbachev's speech was clearly intended to respond

along its border with China. The estimated 700,000 troops there form about 25 per cent of the Soviet armed forces. As well, Western experts said that recent economic reforms by Chinese leader Deng Xiaoping reinforce Gorbachev's call for an overhaul of the sluggish Soviet economy. Although China's reforms



Deng: Fan (below) spent toward ending 26 years of Sino-Soviet tension

to what Chinese officials refer to as the "three obstacles" to improved relations—Moscow's military presence in Afghanistan, Soviet support for Vietnam's presence in Kampuchea, and Soviet troop concentrations along China's northern frontier.

Gorbachev's announcement that some 6,000 troops would be withdrawn from Afghanistan was described by

some more toward individual enterprise than Gorbachev's, Peter Petichery, a Canadian professor of Soviet studies at Hongkong University in Harbin, told Maclean's. "The more China succeeds in its reforms, the more reassurance will be felt in the Soviet Union."

Officials in Peking remain skeptical about the benefits that closer ties with Moscow would bring. The Chinese, whose army is backward and poorly equipped compared to Soviet forces, would welcome a reduction in Soviet troops on their northern frontier.

At the same time, neither Moscow nor Peking seems prepared to return to the state of confrontation that existed in the late 1960s. One result of the subsequent truce is that many divided families on both sides of the Sino-Soviet border now have a reasonable chance for reunions in the future. For Nina Fan, it has encouraged her to plan a visit to her relatives in the Soviet Union next year.

—JAMES MITCHELL with DENISE CHONG in Harbin



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Being a bit of a
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Getting a friend
out of a bad mood
Rejuvenating my
apartment every other
year
Flamingo sunsets
My new green shoes
Leaving notes in my
boyfriend's pockets
A good joke
The way my new green shoes
look next to my old yellow
sneakers
Jewelry
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British fans of American football at Wembley Stadium: a classy new mishmash

SPORTS

Selling football over there

In the nation of Wimbledon, London and Wembley, North American-style football has long been regarded as an oddity. But in 1982 Britain's independent Channel Four, competing for viewers with the public British Broadcasting Corporation, introduced American football, a weekly one-hour program of National Football League (NFL) highlights. In four years the program's audience has grown from 1.5 million to almost 4 million. And last week at London's Wembley Stadium, the hallowed grounds of what the world calls "football" and North America calls "soccer," 88,000 man-mad spectators cheered an exhibition game between the NFL's Dallas Cowboys and the Super Bowl champion Chicago Bears. Bud Tim Heald, a writer for The Daily Telegraph TV, got asked me, I would say that American football will never catch on over here. But I would be quite wrong. It already has.

The evidence last week was convincing. Tickets for the game, ranging in price from \$30 to \$40, sold out in two weeks. By game time on Aug. 3, 1986, fans were getting up to \$200 for prime seats. British sales of NFL-franchised products—from footballs to paper parties—will exceed \$6 million this year. The first British teams were formed in 1983, and there are now more than 100 organized into two leagues—the Professional Football League, sponsored by the giant U.S. Anheuser-Busch beer company, and the locally sponsored British-American Football League. Two monthly football magazines, *Gridiron UK* and *Touchdown*, are thriving, and the Canadian Football League is negotiating to sell a highlights package of this year's Grey Cup and a weekly highlights show. Bud Ross Robinson, editor of the \$5,000-a-month *Gridiron UK*, "There is nobody who cannot see the excitement of it, and everybody wants a piece of it."

Television exposure, and the growing disenchantment with violence at soccer matches, facilitated the football invasion. When the Bears and their 306 lb defensive tackle Wilbert (The Redneck) Perry won the Super Bowl Jan. 16 in New Orleans, the British TV audience exceeded 12 million. And two hours after Perry scored against Dallas last week, \$75 million Britons watched the TV replay. Explained Desmond Morris, author of *The Naked Ape*, "It is so tough soccer is a much loved but rather dull sucking wolf, while American football is the colorful, clumsy, wide-eyed mistress."

While many British fans admit to an ignorance of the rules and *The Daily Telegraph* ran a program earlier under the exotic headline, "Real men don't wear shoulder pads," last week's game generated \$4 million in ticket sales. Bud Chicago running back Walter Payton "I am convinced that a London fan, despite the fact that he is a soccer fan, would be a soccer fan," said the star line. British fans are warmly embracing their new mistress.

—RALPH QUINN with PHILLIP WINDOLAN in London

Waiting for the wake

Herry Usher, commissioner of the United States Football League (USFL), awkwardly but accurately described the league's problem last week. Said Usher: "What we have is an impossibility at this time." After three glorious but expensive seasons and a protracted but unsuccessful anti-trust suit against the National Football League (NFL), Usher announced that the 1986 season—already rechristened from spring to fall—would be "postponed" until 1987. Tampa Bay Buccaneers, one of more than 500 unemployed 1981 players, said, "What are they going to do, start it up again next Halloween so we can make money as football players?"

Indeed, the league first appeared in the trappings of a major league in 1983. So loud hatches, star college players like Herschel Walker were signed to multi-million-dollar contracts. But in three seasons, the league faded—as had the American Football League (AFL) and the World Football League (WFL) before it—to win fans and U.S. TV network programmers away from the NFL. The AFL, formed in 1960, merged 10 teams with the NFL in 1970. The WFL, formed in 1974, quietly faded in 1975. Still the USFL expects to launch in 1986. A year later there were 14 teams, and only eight took the field in 1986. In the three seasons the team owners lost a total of \$103 million.


Severely binged on a U.S. network TV contract, the NFL's current deal pays each team \$14 million a season. But ABC, which has a full lineup of 28 NFL games, did not renew its \$34-million, three-year pact with the USFL when the league switched to a fall schedule for 1986. The NFL's \$149-million annual salary cap, which the NFL is a monopoly and that it conspired to destroy the NFL, by tying up the TV networks that last month the 20-member party, while ruling that the NFL is a monopoly, decided that the NFL created its own problems and awarded \$15 in damages.

At week's end, the league released its players. The stars will wait with the NFL teams biding their playing rights. The others will look for jobs in the NFL or the Canadian Football League. Bud Baudits coach Steve Sparrow: "It is like having a friend with a serious illness, and he finally passed away."

—RALPH QUINN in Toronto with correspondents' reports



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Malcolmson (left), Stewart, Horlock (below)—boosting sales, aggressive lending and fears of the impending bear market

BUSINESS/ECONOMY

Buying on borrowed cash

The 15-minute videotape features upbeat music, detailed charts, a luxurious office and confident executives extolling the rewards that can be had by borrowing money to invest in mutual funds. Distributed by Vancouver-based First City Trust Co. to help mutual fund salesmen sign up new clients, the sleek presentation conjures up an investor's dream: a man with \$10,000 borrows another \$10,000 and buys shares in mutual funds—a portfolio of stocks and other securities run by professional money managers. In eight years the investor's net worth jumps to \$114,000. The tape underlines how easy it is—lenses for up to 60 per cent of the amount that a client wants to invest in a mutual fund are "readily available" from First City. What is more, notes the narrator, "We'll handle by your mutual fund adviser. You never even have to go into a First City office."

In the booming mutual fund market, such a hard sell is really not needed. Encouraged by the stellar performance of most mutual funds as well as the easy financing available from some trust companies and banks—small investors have rushed to buy in unpre-

cedented numbers. According to the Toronto-based mutual fund industry association, the Investment Funds Institute of Canada (IFIC), investors poured more than \$19 billion into 106 Canadian-based mutual funds in the first six months of 1986—compared to \$703.1 million invested in the same period last year. But industry and regulatory officials say that they are increasingly worried that more and more novice investors are borrowing money to invest in mutual funds—or "leveraging," in financial parlance—just as the four-year-long bull market has begun to show signs of turning bleakish. "Our best guess," said the president Keith Douglas, "is that about 30 per cent of equity [stock] fund purchases in the past year have borrowed money involved." The use of leveraging, Douglas added, has never before been so high. Last week, in an effort to warn investors who may not be aware of the

dangers of leveraging, the IFIC and the Ontario Securities Commission (OSC) staged a press conference in Toronto to announce new guidelines aimed at protecting investors. Starting on Sept. 1, most mutual fund salesmen will be required to give clients who are con-

sidered leveraged investments a two-page OSC disclosure document pointing out that "a leveraged purchase of mutual funds involves greater risk than a purchase using your own resources only." That requirement will apply to the estimated 75 per cent of fund salesmen who are neither stock brokers nor employees of financial institutions. As well, the IFIC announced that it would urge its members to use recommending leveraged investments.

Leveraging has long been used by sophisticated investors to increase the potential profit of an investment. If an investor buys \$10,000 worth of stock—

half of it with borrowed money—the value of the stock rises to \$20,000, the gain is 50 per cent. But his personal \$10,000 stake is now worth \$15,000—a 50-per-cent gain. By borrowing he has doubled the gain as his own money. There is also a tax benefit, because interest payments on money borrowed for investment purposes is deductible.

But what most people do not understand, the IFIC's Douglas explains, is that leveraging doubles losses in the same way that it doubles gains. If the same \$20,000 worth of stock declines in value to \$10,000, the investor—who still must repay the \$10,000 loan—loses his own equity full to \$0. The typical small investor, and Toronto stockbroker David Wilson, often does not "understand the consequence of leverage when the market goes the wrong way, he sells out, and in effect he has destroyed his entire equity because of leverage."

There are other pitfalls: If the market turns down—reducing the value of mutual fund holdings—financial institutions are often quick to demand repayment of part or all of the loan. And because the lender holds the mutual fund assets as collateral, he may sell them at depressed prices in order to recover the loan. Pointing to the stock market downturn of 1982, Robert Stewart, chairman of the trust and president of Toronto-based Funds Management Ltd., said that "the first loans that are called are security loans."

Officials with the OSC and the trust also said that they were concerned about the aggressive marketing policies of four financial institutions—the Bank of Montreal, the Continental Bank of Canada, First City Trust and Canada Trust Co.—which have set up special programs designed to streamline loans to investors who wish to invest in mutual funds. Canada Trust will lend up to 75 per cent of the amount needed to buy into a mutual fund, while the Bank of Montreal will lend 500 per cent. Of these institutions, which the OSC's Douglas declined to name, offer leverage on an all-leverage, or leveraged mutual fund basis. In other words, he can borrow money on the basis of the new worth. And Douglas: "That is even more risky."

Another worrisome practice is that the borrower sometimes does not even visit the trust company or bank. Instead, the mutual fund salesman fills out the loan application and sends it on to the financial institution. The danger, according to regulators, is that mutual fund salesmen—who earn commissions based on the size of the investment—may not warn of the risks involved in leveraging or may urge investors to borrow more than they can really afford. The mutual fund salesman, and Harry Malcolmson, the OSC's associate director, must ensure that the leveraging component of an investment is suitable.



Douglas warning novice investors about the dangers of "leveraging"

The growing concern over the push to leveraging is shared by some stockbrokers and fund salesmen themselves. Brad Barla, president of Montreal's Leveson Investment Firm, says that all mutual funds "Some brokers get too greedy about just phoning orders. A lot of people get asked into that get-rich-quick scheme." Added Calgary stockbroker Kenneth Desjardins: "There are some people out there who are really doing high. I think we have some fast-track operators getting involved."

Still, industry experts insist that for investors who are aware of the risks, leveraging makes good financial sense. Peter Horlock, for one, a 40-year-old Toronto industrial engineer, decides to invest in mutual funds as a way of building up his retirement savings. After investing \$20,000 of his own money and earning a \$3,000 profit in a two-

year period, Horlock decided last year to borrow another \$20,000 to put into mutual funds. The entire amount of the loan was provided by the Continental Bank of Canada. But Horlock, who said that he can repay the \$20,000 if necessary, said he is not sure that less affluent borrowers may be persuaded to make loans they cannot cover. He added Horlock: "There needs to be some control."

Financial institutions that have begun to speculate in loans for mutual fund investment defend the practice, arguing that strict borrowing requirements protect investors against ill-judged investments. For one thing, all borrowers must still pass credit checks. Said the Bank of Montreal's Alan Taylor, senior vice-president and senior consumer credit officer in the domestic banking division: "This bank is trying to service its customers."

Doris Bradstreet, First City's vice-president in charge of marketing, said that borrowers must be able to repay loans from sources other than their mutual fund holdings. Bradstreet also defended First City's use of a videotape to promote leveraging. Consumer loans and car loans are also presented to customers in a very positive manner, she said. And it is not necessary, Bradstreet added, for a loan applicant to visit a First City office because "we do not have to see a person to understand his credit worthiness."

For its part, the OSC, which has not ruled out imposing margin requirements on mutual fund investments if its efforts at persuasion fail, will ask the Canadian Bankers Association and provincial government authorities to encourage more restrained lending policies. OSC officials admitted that despite minor stock market declines over the past several weeks, the organization has yet to receive any serious complaints from mutual investors. But, said John LeFevre, the commission's deputy director for enforcement, "I am sure that if there is a major market correction we will have some complaints." Added the IFIC's Stewart: "We are still very worried about."

—MARK NECHES with ADAM MORTIMER and
THERESA TENGROD in Toronto



Drilling for oil: a 10-day stalemate, a religious war and deep turbulence

A turnaround for OPEC

For six years the war between Iraq and Iran has added an element of instability to the world's supply of oil. During the oil price plunge of the past nine months, the religious and territorial feud has proven to be a major obstacle to attempts by the Organization of Petroleum Exporting Countries (OPEC) to reverse the decline through production cuts. Iran has consistently refused to participate in any oil production agreement unless it received two barrels for every one allocated to its foe, Iraq. At the same time, Iraq demanded freedom to pump as much oil as it needed to fuel its extensive war. But last week, in a tense overnight OPEC meeting in the Geneva hotel suite of the cartel's president, Alianman, Lukman, Iran's oil minister, Iran put aside its self-imposed economic ones, making a production cut feasible and stirring optimism in the world's oil-producing centers.

After breaking a 10-day stalemate at the latest OPEC meeting, Ghulamriza Afghanistan, Iran's minister of petroleum, proposed slashing the cartel's total daily output for two months to 16.8

million barrels a day from the current 20.5 million. The agreement allowed Iraq to continue pumping its current 1.8 million barrels a day. The nearly unanimous decision to reduce OPEC's production marked the return to the strict quotas it introduced in Geneva two years ago. Said James Rosenfield, vice-president of Cambridge Energy Research Associates in Cambridge, Mass. "It is clearly a very important development—as important as several years ago when we saw a major victory for Iran."

The markets, from New York to London, reacted buoyantly to the accord. The day after the agreement, prices for North Sea Brent grade, Europe's benchmark, jumped to \$20 a barrel from \$12.66 a barrel. But most analysts declined to herald the accord as a permanent revival of oil prices—down 64 percent in the past nine months. They stressed that the embargo would not restore prices to the \$40 range but would be enough to keep prices at least \$20 for the rest of the year.

In Alberta, despite that modest prediction, about 700 oil industry workers

presented at rallies outside Calgary's city hall and the Alberta legislature in Edmonton. They vented their frustrations over what they said was government inaction during this year's oil-price crisis. Most of the participants who joined in the procession of trucks and pickup trucks who also expressed concern about whether OPEC members would honor their agreement. Said Thomas Lester, manager of crude oil affairs for the Independent Petroleum Association of Canada: "I am skeptical about how long spots and future prices will stay up. This time the price has been run up as hope."

In the United States, industry executives said that while the cartel's cutbacks will not reverse the hard-hit southeast region overnight, they were an encouraging sign. Added John Ryan, senior energy analyst with Dallas-based Research Power Refiners: "It is volatile, but everyone down here in the oil patch is just relieved we did not get kicked in the groin again."

The new accord is expected to avert some of the controversy that has caused the price of oil to drop to \$12 a barrel from \$40 a barrel during the past nine months. The current controversy of oil was engineered by Saudi Arabia in an attempt to gain a larger market share for OPEC by driving non-OPEC producers out of the market through overproduction. But as the price continued to fall, smaller oil-producing OPEC members began calling for stricter quotas of about 34 million barrels to restore prices to the \$40 range by year-end.

So far, some non-OPEC countries appear to be falling in line with the cartel's strategy. Mexico announced last week that it would reduce its oil exports by 10 percent to 1.4 million barrels a day. Egypt and Malaysia, which produced 1.046 barrels a day, both announced that they would reduce their output but did not indicate by how much. But Britain, one of the largest non-OPEC producers, the United States and Canada say they will not cut back their production.

By week's end, the early euphoria had turned to a cautious hope that OPEC members would not abandon their self-imposed cutbacks before the oil ministers meet again in Geneva on Oct. 4. Analysts said that the success of the new arrangement would increase the most round of negotiations between the cartel's members. Said Ryan: "It will be several weeks before we can know if this new effort will work." But for some resource-rich oil nations, the competition to cheat on their quotas may prove too great.

—THERESA TREMBLAY with JAMES FERGUSON in Calgary, DAVID LUDWIGSON in New York and PHILIP LUDWIGSON in Paris

Declawing a military lion

Last, the nose of a sleek, sweeping fighter-bomber, young Lion in Bahrain. With a prototype already built, the Lion is intended as a fast and potent weapon for the Israeli air force in the 1990s. But recently the menacing fighter's nose appears to be fading, which is about \$1.2 billion, mostly from U.S. defense aid, has already been spent. As a result, it has provoked a fierce controversy that threatens the Lion's future. Powerful critics in the United States and Israel say they are concerned that the cost of producing 300 Lions will soar well beyond Israel's original estimate of \$10.2 billion, monopolizing the country's defense spending until the turn of the century. The substantial U.S.

At the heart of the issue is a dispute over the real costs of the Lion. Originally reserved in the late 1970s as a low-cost, workhorse replacement for Israel's own Kfir fighters and its fleet of aging American A-4 Skyhawks, the Lion changed in design five years ago when its force commanders demanded a more sophisticated aircraft.

The redesigned Lion that rolled out of the Ben-Gurion airport hanger of the state-owned Israel Aircraft Industries near Tel Aviv last month is a far more expensive and technically advanced fighter-bomber scheduled to have its first test flight in October. The Lion is equipped with state-of-the-art electronic sensory devices designed to grade its past histories of Soviet-



Lion fighter in Tel Aviv: a confrontation between Congress and the Pentagon

erospace industry, which views the Lion as a potential international competitor, has also succeeded in lobbying the Pentagon to force the Israelis to reconsider the program. As a result of these combined pressures, sources within President Ronald Reagan's administration confirmed last week that the Pentagon has launched a study of the Lion's skyrocketing costs in an effort to persuade the Israelis to alter—or even abandon—the costly project.

The dispute over the Lion may lead to a confrontation between Congress, where there is wide support for the Israeli venture, and the Pentagon, as champions of the multi-billion-dollar U.S. aerospace industry. In Israel itself, the future of the Lion has become a critical political issue for Prime Minister Shimon Peres's shaky coalition government, involving both national pride and the country's continuing efforts to strengthen its high-tech industrial base.

built surface-to-air missiles. Said Ezer Weizman, an Israeli politician who commanded the Israeli air force in the early 1980s: "We set out to build an Austin 101, and we have ended up with a Cadillac."

Over the past decade, cost projections have doubled. While Israeli officials originally envisaged a fleet of fighters costing only \$66 million each, they now estimate that the advanced fighter-bomber will carry a \$2.3-million price tag. With the cost of spare parts, maintenance and development included, Israeli officials estimate that each plane in its planned 200-crafting fleet will cost \$67.6 million, for a total of \$20.3 billion.

Said U.S. military analysts say that the final bill will be even higher. According to a study by Don Lucchini, an undersecretary in the U.S. defense department, the basic cost of the Lion will reach \$24.5 million per plane, with

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the total cost of the program rising to at least \$38.4 billion, or \$94 million per plane. Zacharias claims that the Israelis have seriously underestimated labour and inflation costs.

Israeli planning for the Lavi also assumes that U.S. economic aid will remain at its current level of about \$4 billion annually through the next decade. But U.S. treasury sources predict that total American aid could shrink to \$2.7 billion a year by 1999 because of efforts to reduce the U.S. federal deficit, which the Congressional Budget Office last week predicted would reach \$229 billion in 1997. According to Lavi critics, that would leave Israel only \$897 million a year for defence procurement at a time when the 10-year Lavi production program—to begin in 1988—will be costing \$759 mil-



Karp is a strong advocate for America.

lion annually. Said a high-ranking Israeli army officer: "If the Lavi flies, the army will be grounded."

In June Secretary of State George Shultz and Defense Secretary Casper Weinberger both wrote to the Israeli government to complain that Washington was being "misinformed" in its attempts to discuss alternatives with the Israeli government. Pentagon officials claim that an Israeli plan to export the fighter to Third World countries in order to recover costs is not realistic because many potential customers are Islamic and Arab nations, and their allies which refuse to buy Jewish goods. There is also concern that countries such as Argentina may choose to purchase the Lavi instead of American-made planes.

But the Lavi has the support of in-

dustrial congressmen, among them California Democratic Congressman Mikdon Levine and New York Republican Josh Kemp, a likely 1988 presidential candidate who is seeking Jewish votes in his home state. The Lavi, Kemp declared last week, "is of major importance to Israel and the decision to produce it should be made by Israel alone, without pressure from U.S. business interests." Meirav Aron, a former Israeli defence minister who is now a senator without portfolio in Peres's government, added that it is politically impossible for Israel to scrap the Lavi. Declared Aron: "It is just too deeply embedded in the Israeli economy, in Israeli society."

When the Pentagon study is completed by early November, Israel will be offered several alternatives to the

Lavi, an administration source said last week. One main option now under discussion involves the purchase of an existing and less expensive American weapons modified to include Israeli weapons systems. General Dynamics Corp.'s F-16, Northrop Corp.'s F-20 and the McDonnell Douglas G-35—currently being used by the Canadian Armed Forces—are expected to be put forward by the Pentagon as aircraft that could be modified for Israeli use. A second option is a cooperation agreement with a U.S. manufacturer to share the aerial building of the Lavi. Sources close to the Israeli Embassy in Washington said last week that Israel had abandoned its original refusal to consider scrapping the Lavi and would give serious consideration to the Pentagon's proposals.

Aron predicted that the Lavi will eventually be produced. "I don't know of a single case," Aron said, "where an aircraft has been developed that is one of the best in the world and wasn't put into production." He may not be aware of Canada's highly regarded Arrow fighter, which the Conservative government of Prime Minister John Diefenbaker cancelled in 1969 because of mounting costs and—according to some experts—pressure from the United States to buy American weapons. If political and economic forces prove to be more important than Israeli pride, a similar destiny could await the Lavi.

—MARK NICHOLS with WILLIAM LORTIMER in Washington and DAVID EISENBERG in Jerusalem

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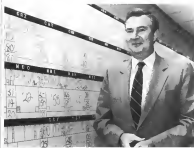
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Mike Rasmussen: 'a last bucket,' concern about 'blind pools' and a trading ban

Exposing a company shell

For seven weeks in June and July, Audit Resources Inc. was one of the hottest stocks on the Alberta Stock Exchange (ASE), skyrocketing to a high of \$8 per share from only five cents held by Edmonton-based investment dealer First Commonwealth Securities Corp. The stock was first listed in May. But the share's stunning climb did not begin until June 2, when Audit—a shell company with no assets of its own—issued a press release stating that through a share-swipe arrangement it had purchased Trans Island Marine Salvage Inc. of Arizona. The release claimed that Trans Island held or was negotiating lucrative contracts to salvage 40,000 miles of underwater telephone cable in the North Pacific with the local government. As well it would obtain tons of metals and stainless steel from market vessels. But last week the hopes of Audit's investors were dashed when the Alberta Securities Commission (ASC), the provincial securities regulator, permanently banned trading in its shares.

The sudden action prompted to end the popularity of a controversial stock market technique called blind pools. In a blind pool, investors buy shares in a shell company whose executives promise to make acquisitions—but without saying what they will buy. Popular in the United States as a quick but risky way to raise venture capital, that type of blind pool first appeared in Canada last February when the ASC allowed First Commonwealth to create one. Said ASC president James Morrison:

"We always had reservations about this type of blind pool."

The reasons for the banning of Audit Resources came to light during a hearing last week at the ASC's Edmonton headquarters. Trans Island did not officially exist, ASC lawyer Michael Haydock said, because Arizona's securities law had no record of its registration. As well, US navy officials told ASC staff that since no ownership documents had surfaced, the cable salvage rights probably belonged to the navy. And of the two salvage boats owned by Trans Island, said Haydock, one was a "rust bucket" resting in a dry dock and the other was without an engine.

Audit's problems began on July 25 when the ASC issued a temporary trading ban of its shares. Two days later First Commonwealth was suspended from operating after the ASC discovered that it was short—by \$1.4 million—of the capital that it was required to have on hand to meet its trading obligations. Now officials also accused the firm's president, John Davidson, and director Robert McKinnon on several charges including conspiracy to affect market prices.

This week, the ASC is expected to hold a hearing to determine whether to permanently close First Commonwealth. The move between the investment dealer and Audit will likely come under closer scrutiny. And the investigation may further complicate the potential dangers of blind pools.

—JOHN BOWEN in Calgary

Anchoring a retail giant's future

By Peter C. Newman

This month the 76 outlets of Sears Canada Inc. began to accept the COVER credit card, putting the way to their eventual transformation into financial supermarkets.

Sears' U.S. parent company has achieved spectacular success with the financial system known as Delaware through Greenwald Trust, selling not only insurance, mortgages, stocks and other financial services, but airline tickets and hotel reservations as well. Such one-stop shopping would require enabling legislation in this country, but the decision to launch the reserves card is a first step.

It's all part of a Sears Canada growth plan that includes the rebranding of existing stores, the opening of four new units in the next 12 months (Owen Sound, Ont., New Glasgow, N.S., and Reedville, N.S.), and a medium-range plan for an eventual 40 new mini-department stores in Canadian towns with populations in the 30,000 range. "We'll move as quickly as is practical," it was told by Richard Sharpe, the company's chairman and CEO. "We have our own in-house architectural staff and store design people. As the stores become available, we will probably handle four or five of these new stores a year."

Sears' Canadian operating results have attained spectacular levels in recent months, and although Sharpe and his management team received much of the credit, an equal partner has been the company's new computer installation, one of the most powerful in the country. The machines, bought off Jarvis Street in downtown Toronto, can handle 15 million instructions per second, divided into thousands of concurrent tasks. The data to support these programs is stored in Sears' private communications network which has a storage capacity of up to 300 billion characters.

The most interesting aspect of the mega-installation is that security of access is so tightly guarded that even Sharpe can't wander in to inspect it. "I have the right password and the plastic card with the correct combination to get through the first wave of doors," he says, "but to be admitted into the actual computer room you have to put your hand on a plate, and the machine reads your palm. It won't accept my handprint, because it really has no good reason to go in there."

But Sharpe has been using the computers to re-examine the selling patterns of every one of the more than 180,000 items stocked on the shelves of his stores. "The problem," he says, "was that before we were putting goods out without ever being involved in the selling process. So we just stopped everything and examined the marketing details for every one of the items, right down to each size and color."

Out of that study came many new



Sharpe: 'the store of the future'

marketing concepts, including something called "the store of the future," with the first prototype conversion now on view at Sears Square Outlet in Mississauga, Ont. Its main attractions are "baskin' machines," constantly refilled by four cashiers who handle goods from any part of the store and the stocking of "action lines"—that is, concentrating on specific, fast-moving kinds of merchandise.

The strategy seems to be working so well, Sharpe says, that Sears now

boasts the industry's highest GMROI (that's gross margin return on inventory investment, which is how department stores keep score). "Retailers don't publish figures of course," notes Sharpe, "but when Freddy opened the Elton Centre, he admitted they were targeting to achieve \$304 a square foot in their women's wear area. I just filed that away. But Sears' doesn't publish figures of course," notes Sharpe, "but when Freddy opened the Elton Centre, he admitted they were targeting to achieve \$304 a square foot in their women's wear department—though I suspect their margins were higher."

Sharpe is hedging for more dramatic sales growth as well as further diversification made possible by the eventual Canadian adoption of the new COVER card. He is also making subtle moves in the traditionally Canadian field of outdoor selling. In fact, Sears' Canadian catalogues are already covering the fabric, with four-and-a-half-million Canadian families receiving one coupon per year. Six of the seasonal stores are now being sold in Canadian bookstores (Sears U.S. department stores such as New York's Bloomingdale's are selling ads to outsiders in their catalogues, but Sears is not considering that step at the moment). "We get any number of companies wanting to buy space in it," explains Sharpe, "but once we start selling ads in it, we change the nature of that catalogue."

He is aggressively agitating about the future of department stores, mainly as anchors in suburban shopping centres. His most interesting upcoming innovation is to open Sears stores in independent communities willing to expand a store's area of personal services. They would include next-door groceries, flower shops, dental offices, legal aid outlets, photo studios, computer specialists and huts for franchised Books & Books at Christmas.

All in all, Sharpe and Sears are riding the crest of a wave—at a time when department stores are supposed to be retailing's dinosaurs being driven into extinction by the success of specialty outlets.

When Sears' printer hesitantly chose to run the financial results for 1984 in this year's annual report to retail—so if they were a loss, instead of reflecting the fact that earnings before jumped to \$87 million from \$37 million—Sharpe ignored the many flies that came his way. "Well," he said, "if the profit is doubled, I can see any damn fool's waste."



Life after Drapeau

Flushed by the success of Expo 67, Montreal Mayor Jean Drapeau attempted neither sleep nor shortly after the world's fair closed on Oct. 26, 1967. According to his plan, landmarks such as the U.S. pavilion's pedesons dome would become part of a permanent exhibition and provide what Drapeau described as "the greatest manifestation of universal culture ever staged anywhere at any time." But Man and His World, as the exhibition was called, consistently failed to attract the crowds he had anticipated. And last week, a month and a half after Drapeau had said that he would step down as mayor in November, municipal officials began tearing down five pavilions—having recommended demolishing all 18 deteriorating structures on St. Helen's Island. In the end, only the dome may remain as a reminder of Drapeau's triumph in 1967.

For Montrealers such as Nick Auf der Maer, newspaper columnist, independent city councillor and one of Drapeau's most tenacious critics, the scheduled transformation of St. Hel-

en's Island into a grassy park has symbolic overtones. Declared *Auf der Maer*: "The Expo site was a key part of his grand dreams for the city. And now we begin an era without either the man or the dreams—and many will miss that."

Drapeau's most likely successor says that they will abandon the most characteristic features of his administration: grand projects and a practice of making impermanent decisions in secret. To that end, labor lawyer Jean Duro, the 48-year-old leader of the opposition Montreal Citizens' Movement (MCM), and Claude Dupras, 54, the majority candidate of Drapeau's ruling Civic Party, have pledged to make city hall more open. Duro has endorsed such measures as allowing citizens to pose questions during council meetings.

But Drapeau cited his three decades of electoral successes (a 1967 loss was his only defeat for the mayoralty) as proof that voters supported his vision of Montreal. Declared the mayor: "I have always believed the citizens would rather trust in their elected, informed representatives and leave matters to them." But opponents such as MCM stalwart and liberal council member Michael Parentin argue that public participation in civic affairs is essential. Said Parentin: "In terms of how automatically the decision-making process is, we are half a century behind the rest of North America."

At the end of the Drapeau era approaches, the retiring mayor insists that he does not want any commemorative status—and Montreal already has several concrete reminders of the Drapeau era, including the city's subway system, Place des

Arts (the city's art center) and a major-league baseball team. Indeed, the National League's Expos play their home games in the still-sober stadium built for the 1976 Summer Olympics—Drapeau's most controversial and expensive accomplishment. Despite his famed 1975 assertion that "the Olympics can no more have a deficit than a man can have a baby," Montrealers will pay threatened city taxes for another eight years to retire a deficit of as much as \$1.6 billion which the games incurred. As a result, Dupras, a bilingual mechanical engi-



Duro, leader of the MCM



U.S. pavilion during Expo 67: many a manifestation of universal culture

neer, has pointedly opposed several recent Drapeau-style proposals, including a radio tower on Mount Royal.

Meanwhile, the MCM's Duro says that the 18-year-old party—a coalition of neighborhood citizens' committees, New Democrats and Parti Québécois supporters—no longer has such one-time objectives as free unlimited pub-

lic transit. The MCM will unveil its election platform next month, and it will include such low-budget items as a city-wide network of bicycle paths and fluoridation of Montreal's water supply—a measure Drapeau has opposed for years. Duro added that fostering economic development would be his chief priority. Declared Duro: "No one argues that Drapeau knew Montreal, but he abdicated his responsibility to provide economic leadership."

Still, Montrealers have not adjusted to civic politics after Drapeau. Although a poll conducted by the respected Public Opinion Research Centre and released last week showed that the MCM enjoyed a healthy 15-per-cent lead over the Civic Party in its attempt to form the next administration, the poll, with a four-per-cent margin of error, also revealed that 44 per cent of the 684 voters surveyed two weeks ago had not decided on a mayoralty candidate. Said *Auf der Maer*: "For many people, it is like leaving home. Suddenly, no one is there to make decisions for you anymore." But clearly time has run out for the pavilions on St. Helen's Island—and Jean Drapeau, 71, and in declining health, evidently sensed that it was time to loosen his iron grip on Montreal.

—ANTHONY WILSON SMITH in Montreal

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A family torn by murder

Good, drugs, murder and vicious family feuds are staple elements of many popular prime-time soap operas. Indeed, several freelance TV scriptwriters were in the packed courtroom in Fort Myers, Fla., last week for the climactic scenes of a real-life drama which surpassed television's most

son, 63, and her grandson, Scott Benson, 21. But 42-year-old Carol Kendall escaped from the back seat before the second bomb exploded. And although scarred on her face and neck, the former beauty contestant managed to become the key witness in the state's successful prosecution of her brother.



Benson (right) at the time of his arrest. Suffered beauty and cocaine addiction

sensational offerings. After a three-week trial that exposed the secrets of the rich, a jury of 10 women and two men found Steven Benson guilty of murder. As the 35-year-old Benson sat impassively in the bushes outdoors, the jury forewoman declared him guilty of killing his mother, Margaret, and his nephew, Scott, and wounding his sister, Carol, last year in a bid to gain control of a \$10-million tobacco fortune. The jury recommended that Benson serve a life sentence in prison, but Circuit Court Judge Hugh Hall could send Benson to the electric chair when he passes sentence next month.

The tale of murder and intrigue began on July 8, 1995, when two blasts shattered the morning calm of Quail's Roost, an exclusive housing estate in the elegant resort city of Naples, 90 km south of Fort Myers, on Florida's starry Gulf Coast. Two bombs triggered by the ignition of a 1998 Chevrolet Suburban wagon parked on the driveway of the family's \$400,000 red-tiled home killed heiress Margaret Ben-

son. State prosecutor Jerry Brock portrayed Benson as a man who had cashed off \$307,000 from his mother's accounts—and then killed her when she began to suspect that he had used part of the money to purchase a \$215,000 house equipped with a swimming pool and a tennis court. But defense lawyer Michael McDonnell argued that the prosecution had failed to link Benson to the bombings and he promised to appeal the verdict. Still, Michael McDonnell said, "This is Robert I'm not through yet. Steven Benson is innocent." McDonnell had sought to convince the jury that Scott, the defendant's nephew, was a cocaine-smoking playboy who might have been killed by drug traffickers seeking revenge for a snared drug deal.

McDonnell described Scott Benson as a violent addict who would do anything to obtain drugs. And Dr. Josh Lumbello, a Naples psychiatrist who treated Benson for drug dependency in 1993, testified that the aspiring professional tennis player was heavily addicted to nitrous oxide, or laughing gas. Said

Donnell: "He exhibited nitrous oxide like you might drink a Pepsi."

As well, McDonnell noted that investigators had uncovered a startling fact: In just three months after the bombings, Scott Benson had died believing that Margaret Benson was his mother. In fact, the woman he knew as his sister, Carol, had as an unworried teenager grown hench to Scott, and Margaret Benson raised her daughter's infant as her own son. McDonnell also revealed that Benson had physically attacked both women three years ago when Carol Kendall ordered him to get rid of a large guard dog which he kept inside the house.

When she spoke to investigators last winter, Carol Kendall harshly criticized her son, saying, "Scott always gets these real alieno girlfriends who take advantage of him and he lets people talk him into things." But she insisted that her brother Steven was responsible for the bombings. She testified that Benson had arrived at their mother's house insisting that the other family members accompany him on a car trip to inspect some nearby real estate. Then, recalled Kendall, Steven returned to the house as his nephew slipped behind the wheel of the station wagon and turned the ignition key. Kendall said that she managed to throw herself out of the vehicle's open door after the first bomb exploded, and she testified that her brother did not try to pull the victims from the burning wreckage. Said Kendall: "I saw Steven come out of the house and into the driveway. He looked terrified, and I couldn't understand why he was not coming over to help."

From the testimony of both prosecution and defense witnesses, the Benson appeared to be a family perched over by a mother who freely indulged her grown children. Margaret Benson provided Scott with a \$7,000 monthly allowance to pursue his interests in fast cars and loved girlfriends. And Steven Benson—described by his lawyer as a mild-mannered personmaker—emerged as a man who was deeply jealous of his nephew's flair and colorful lifestyle. As disclosure of these intimate details riveted the non-framed community of southern Florida, the founder of the Lancaster Leaf Tobacco Co. (the Pennsylvania firm that formed the base of the family fortune) made his only appearance at the trial last week. As he sat near his grandson's place at the defendant's table, 89-year-old Harold Hirschow died. And the loss of money at the root of all evil? I guess I didn't do a good enough job teaching that to my children."

—MALCOLM GRANT with correspondents' reports

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A boom in the books of the profits

When a book attracts enthusiastic attention even before its publication date, it is one sign that its publisher may be on to a trend. After the *Financial Post* weekly began publishing its sponsored book, *The Financial Post Selects the 100 Best Companies to Work For* in Canada,

places its executive and MBA programs in focus: the School of Business Administration at Queens University in Kingston, Ont., receives roughly 700 applications per year for 180 places. And the graduation of the programs is hangry for information about their chosen field. Meanwhile, the media are

deal with such subjects as income tax write-offs and stock market strategies have been popular. What is expanding in the market for ambitious, dramatic studies of executives, corporations and issues that affect the world of capitalism. Anna Purkin, president of Toronto-based Key Porter Books, credits the

boom with the French chief competitor, *The Financial Post*, owned by Marlene Hunter Ltd., which also publishes Maclean's. Until the 1970s few Canadian business books achieved best-seller status: sales of more than 5,000 copies in hard-cover. Then, in 1975 Peter C. Newman translated business writing into big business by profiling the country's corporate elite in *The Canadian Establishment*—a book that transcended best-seller status to become part of the national vocabulary. It sold more than 250,000 copies in hard-cover and paperback. Newman, *Maclean's*

freed to a Canadian author of fiction, to write a two-volume history of the Hudson's Bay Co. The first volume, *Company of Adventure*, appeared last fall and has already sold 135,000 copies worldwide. But it has also generated a critical storm. Historians who specialize in fur trade studies have charged that Newman's book is inaccurate, and that it sensationalizes its subject with gratuitous accounts of cannibalism and of traders' sexual relations with native women. For his part, Newman dismissed the criticism, saying that academics are quick

to attack any popular historian who dares to write a two-volume history of the Hudson's Bay Co. The first volume, *Company of Adventure*, appeared last fall and has already sold 135,000 copies worldwide.

Many of the likely competitors for next year's award will be appearing in bookstore windows within the next two months. The *Maclean's* *Inside the Master Builders*, a study of Toronto's Richman family, owners of the massive Olympia and York Developments Ltd., by *Star*-Eyes Shere author Foster. Key Porter, the book's publisher, promises that *The Master Builders* will offer "an interesting analysis of the brothers' true financial state." Penguin will release James Fleming's *Merchants of Fear*, an investigation of Canada's insurance industry. Arthur Johnson's *Breaking the Banks*, a *Letter & Opinion* by George L. Brown, is described by the publishers as a disclosure of "manipulation and incompetence at the highest levels of Canadian finance." For its part, Macmillan of Canada will publish Denis Friesen's *Controlling Power*, *Maclean's* *Inside the Master Builders* which profiles the 22 families and five conglomerates that control one-third of the nation's industries, resources and real estate.

Those titles represent major announcements, and publishers will be nervously watching fall sales to determine if the business market has already peaked. Shortly after the Penguin Books Canada says that his firm is committed to publishing a minimum of two business books a year, but he acknowledges that "the basic books on business have been published." Arthur Foster still wants from the fact that *Our People's Money*, his 1983 book on *Money*, and the market, with *Ken Lyster's Goose*. *The Rise and Fall of the House that Jack Built*, a book on the same topic. Because Canada has a broad and diverse business subject, Foster says, the book publishers "might be overcompensating."

But others maintain that public demand for business books is strong enough to support the industry's expansion. Arthur Foster, who is an entrepreneur in part of the national character. He, who is now writing a book that he describes as a history of Canadian business "from the fur trade to free trade" declared, "In Canada, we have been plagued by an excess of entrepreneurship and a kind of people who have persuaded us to build more railways than we could use, or convinced the government to pour money into *Bechtel* or *Dome Petroleum*. We Canadians have a promotional mentality." And this means that business books will continue to be published on the public interest in capitalism.

—FARLEA BOWEN in Toronto



Toronto bookstore: Penguin's advance was the largest yet paid in Canada for a nonfiction work by a Canadian author.

Post reporter Eva Lanza, one of the three authors, started receiving phone calls at home. Indeed, one MBA student who had read about the book's March 1988 release called Lanza at 8:15 a.m. on day to ask her advice on choosing between job offers from two banks. The demand for help through the corporate jungle has turned *100 Best Companies* now in its fourth printing, into the best-selling Canadian business release of the 1986 spring season, with 27,500 hard-cover copies sold. Following closely are other books that explore the corporate landscape and describe its overland. *Road Work* Harris, president of William Collins Book Co. Canada Ltd., which published *100 Best Companies*. "The market for good business books has grown significantly. If a book is good, word travels very quickly."

There are many reasons for the bullish market for insights into the world of money-making. Competition for

making the second-year subject of business more accessible and colorful than before, stimulating the market further. As a result, more authors are attracted to the field. When the second-year of *Company & Lighthouse* and the Toronto-based business weekly *The Financial Times of Canada* organized the first National Business Book Award competition, held in June, James privately said that they expected about 25 entries. In fact, they received 63 books on business-related subjects—all published in 1985. Collier Agency founder Nancy Colbert, the literary agent who negotiated the sale of the National Business Book Award's book of the year—*A Matter of Trust* by Maclean's business editor Patricia Best and Ann Sherwood—says the appeal of business books is easily explained. "In some of us, there's nothing sadder than business. It's all about money and power, and the stakes are so big."

For years inexpensive books that

increasing popularity of business writing to a shift in attitude. She said, "It used to be that people would never think of telling you how much money they made. Now it happens all the time. Money-grubbing has become respectable."

Business books are not yet properties that new partnerships have formed in the publishing world to produce them—and to split the costs. In 1984 the publishing house Collins and the *Financial Times* weekly joined forces to publish *Public Money*, Private Good, by Times editor Terence Corcoran and staff writer Laura Reid, which was an account of the Crown, Seaway and Greyhound trust company collapses. The *Times* invested money in the project and paid the writers' salaries while they worked on the book. In return, all the royalties went to the newspaper rather than to the authors.

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—FARLEA BOWEN in Toronto



Porter, Foster: "Money-grubbing has become respectable."

In TV's 1985-70 series *I Dream of Jeannie*, Barbara Eden had to wear high-cut harem pants because network policy prevented her from showing her tassets. Last year Eden finally lived her entire self! when she repeated her role as the 2,000-year-old genie in chortle film *I Dream of Jeannie: 15 Years Later*. The 51-year-old actress and singer, who recently cohosted a run as the lead in South Pacific at Toronto's O'Keefe Centre, recalled that when comic **Bill Daily** came onto the 1985 Jeannie set, "he looked at me in my revealing little pink genie outfit and sang the theme song from *The Twilight Zone*."

Well-known, **Shirley Dutton**, who began his career as the moon's new James Bond in *The Living Daylights*, scheduled to start shooting in *Offshore* on Sept. 8, is best known as a Shakespearean stage actor. But recent screen roles indicate that he is well suited to play the debonair 007. Dutton,



Andrew Wyeth's Stan Shield, occasional

38, played the dashing Prince Boris in the adventure fantasy *Her First Love* and a lusty sailor bent on revenge in the tv mad-series *Shogun*, starring **Jon Collins**. And last week he began filming *Brenda Starr*, a movie based on the comic strip, which stars **Brooke Shields** in the title role and Dutton as her elegant and mysterious adviser, Earl St. John. As Dutton noted, "James Bond is a long way from Shakespeare, but so was Flank Gordon." As for the adaptation from fans that comes with the Bond role, Dutton declared, "I look at that with a certain calm."

Wyeth never harbors about of the war, **Zsa Zsa Gabor**, 61, will marry number 11 this month. In a ceremony in a stable at the home of a friend in Bering-

ton, N.Y., she will wed Germany's Prince Friedrich von Anhalt, the Duke of Saxony, 45. The couple chose a stable for the wedding because Gabor said, they both love horses. Asked to share her secret for attracting men, Gabor said, "I cook. I am a friend. I love animals. I am a girl, mother, a sister, a lover." As for what she likes about her fiancé, Gabor said: "He fills the house with red roses. And he loves me green peppers and salmon at the supermarket."

Viewers watched her grow up on the TV series *One Day At a Time*. Now **Valerie Bertinelli** is 35 and starring as the ambitious Mori in *TV Talk*. *Murphy*, a new TV mini-series based on the Judith Krantz best-seller. It is based filmed this summer in various Toronto locations—including Marlene's editorial office. Bertinelli is married to rock star **Kidie Wee** (you know—the one with the hair longer than mine) but added that "all the drugs and partying on the rock scene went out of fashion with all the social diseases that are coming in." Still, she says, drugs have never played a part in her life. "In my family, it was 'Look, Valerie, use your head!'"

For 15 years **Andrew Wyeth**, 61, secretly painted and hid over 100 works whose subject was a beautiful blond woman. Last year he revealed their existence for the first time to his wife of 40 years, **Betsy James Wyeth**. He also talked about the paintings and drawings in an interview in last September's *Art & Antiques* magazine and said that he did not want the paintings to be seen "until I'm dead." That week more details surrounding the collection came to light. **Leonard Andrew**, who bought the collection for undisclosed millions, described the artworks as stunning and sensual and he told



Bertinelli growing up rebellious and using her head

Marlene that, with the works, Wyeth had gone into "a totally different dimension." Later, he allowed some of the works he hid in his home to be photographed. Associated Press published a photograph of the upcoming September issue of *Art & Antiques*'s cover depicting one of the paintings, *Portrait of Helen* by Wyeth's end 1934. Today had identified the subject of the works as **Helga Teslow**, a longtime neighbor of the Wyeths.



Dutton playing 007

had talked to Dutton about the situation and that "she just laughed. She's not easily thrown."

—Edited by MARY MAYER

Mitel
is now
suitably
attired
to answer
even more
of your
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Duck, Mandel, pondering with sight gaps, car chases and a look to the private

FILMS

A dull day at the races

A FINE MESS
Directed by Blake Edwards

Seldom has a movie been more aptly titled than Blake Edwards's *A Fine Mess*. An American writer-director with a distinctively slick visual style and a transfixing vision of comedy, Edwards has portrayed most types of humor with notable success. He has written and directed everything from the cartoon bases of *The Pink Panther* to the relatively sophisticated layer of *10* and the anarchic and titillating gender games of *Victor/Victoria*. But in *A Fine Mess* he fails.

The film is a self-referential showcase to the early days of movie comedies with their heavy emphasis on sight gags and car chases. In *A Fine Mess*, Edwards's notion of a comic turn is a look to the private. Only a few moments are likely to give any laughter over the age of 8 as a mild chuckle. The plot, such as it is, concerns the spectacularly raffish misadventures of Spencer Hobbes (Howard T. Duck), a Californian actor, and Daniela Porelli, a writer at a drive-in played by Canadian-born actor and comedian Howard Mandel. On location at a race track, Spencer overshadows a couple of banjo-style gangsters in hotly chucked lumpy pants competing to dope a horse. The two snail-clip Spencer outstopping, and the chase begins. Meanwhile, Spencer recognizes Daniela to snipe his savings on the horse. Dennis wins \$10,000 but then inadvertently loses it at an auction. He wins it back, meets an attractive girl, Ellen Frankenthaler (Jennifer Edwards), repeatedly eludes the gangsters and eventually winds up with the 1968 dream, and a new restaurant.

Dennis has proved himself in film such as *Andy Hardy* to be a good dramatic actor with a light touch. But with his lustrous jaw and deep-set eyes, he is badly miscast as an offbeat straight man. And canonically, Mandel and Jennifer Edwards resemble juvenile versions of characters from the director's previous films: Mandel is endearing and caddy, like *10*'s Dudley Moore, while Jennifer Edwards, who is the daughter of the film-maker and his wife, Julie Andrews, recalls Andrews's ring-around-the-roses style as the leading lady in a number of her husband's movies.

The film's movie, credited to another veteran of Edwards's movies, Henry Hathaway, is really a compilation of Hollywood pep. The film's left with the uneasy sensation that Edwards is trying desperately to *parody* to the teen audiences that dominate the current market, while at the same time attempting to maintain his characteristic style, which appeals more to adults. The resulting incongruity is devoid of humor — an attempt to return to some of the credit and most recent conventions of movie comedy. *A Fine Mess* is just that.

— NORMAN STUBBS

Hatching a cosmic hero

HOWARD THE DUCK
Directed by Wilford Brinley

Howard T. Duck is a wise-cracking, pipe-smoking duck from another dimension, whose intelligent life has evolved from waterfowl rather than apes. One night he is sitting alone in his apartment reading the latest issue of *Playboy* and cupping a breastless beer. Suddenly, the laser beam of an alien spaceship, Dr. J. J. Jennings (Jeffrey Jones), accidentally pierces the barrier between the two dimensions, transporting Howard to Cleveland, Ohio. And Howard finds himself in a hostile world of what he calls "dazzling, hairpin apes." He also has to deal with the plans of a dark overlord of the universe, whom the hapless Jennings has brought to Earth in a second accident — and who takes over Jennings's body while planning to destroy the planet. The premise of *Howard the Duck* is grossly off-beat. But the movie is cartoonishly flat, and so bloated with bird jokes that it never takes flight.

Howard's adventures begin when he intervenes to help a young woman, Beverly Switzler (Leslie Thompson), the leader of an all-female rock band called Cherry Bomb, who is under attack by two hoodlums. Using quack-fu, a martial art of his native planet, Howard dispatches the attackers and finds romance. The beautiful Thompson does a few comic turns as Beverly, making the most of the fact that her romantic lead is a 38-inch duck, played by a series of tiny actors in costume. In the movie's funniest scene, Beverly departs ahead of her finding the right man, and sends Howard to her. "Do you think I might find happiness in the animal world?" she asks him flirtatiously.

The character of Howard first appeared in a 1976 Marvel Comics series. But in transferring the comic strip's hero to the screen, writers Wilford Brinley and Gloria Katz (Judds Jones and *The Temple of Doom*) have largely lost the surreal edge and satire wit that made the original series popular. Although some of the special effects provided by executive producer George Lucas are as impressive as the comedy, the battle scene between Howard and the dark overlord, the movie remains more far than fair.

— PETER JEFFERY

Comfort and domestic joy

HOME: A SHORT HISTORY OF AN IDEA

By Wild Hyacinths
(Penguin Books, 216 pages, \$12.95)

During Witold Rybczynski's six years as a McGill University architecture student in Montreal, he recalls that only one of his lecturers mentioned the subject of comfort. Significantly, a mechanical engineer rather



Ed Broadbent's amazing recovery

By Angus Reid

Over the past two years Ed Broadbent and the federal New Democrats have staged one of the most remarkable political comebacks in recent Canadian history. Faced with near obscurity following the resignation of Pierre Trudeau (when the polls put them at a meagre 11 per cent of the decided vote), the party gained an impressive 19 per cent of the popular vote in the September 1984 election. They have since moved to the mid-to-high 30s, only marginally behind the Tories, who have been in a free fall for the past year.

What is especially surprising about the new comeback is the party's growth in support in Quebec and Atlantic Canada, regions where New Democrats historically have had problems finding candidates to run. Since the last election the NDP has shown consistent gains in Quebec, even surpassing the PCs in most recent polls. In Atlantic Canada the performance of the NDP has been equally impressive. Although it is always difficult to predict how many actual seats standings in surveys will yield in an election, party insiders talk confidently of winning as many as 30 seats east of the Ontario-Quebec border.

The NDP's performance in the polls has led some political observers to ask what additional gains Canada's chronically third-place party can achieve and if its current support will hold up in an actual election contest. Is the new surprise ending in an election slump that has afflicted the Tories—as some critics argue, it is easy to say that you will vote for the stars if you know there will be no election—or are we witnessing a more basic transformation in the political alchemy?

There is much to support the argument that the NDP gains are more substantial than illusory. According to a poll poll conducted in June, Ed Broadbent enjoys considerably higher levels of popularity than do other Reform Mainstream or John Turner—especially among undecided voters. The NDP itself is no longer viewed as a fringe group of Conservatives and radicals. Only about one in five Canadians say they would never vote for the NDP—only marginally higher than the number

who say they would never support the Conservatives. In addition to the 27 per cent of decided Canadian voters who say they would vote for, another 20 per cent say the new Democrats are their "second choice."

In Quebec the decline of the Parti Québécois movement has left many voters with centre-left leanings in search of a non-Liberal alternative such as the NDP. In other parts of the country, Ed Broadbent and his party are attracting support for other reasons: high unemployment rates outside of Ontario, a consistent position on issues such as free trade and the prospect of further provincial grants in British Columbia and Saskatchewan. The single most important reason for the levels of support, however, has less to do with the performance and policies of the NDP than voter antipathy toward the other two parties and their leaders.

Is the NDP simply cashing in on a Tory slump, or are we witnessing a basic transformation in the political alchemy?

The Mulroney story is well known. Vice (infatuation with his government) electrified Tory support to the 50-per-cent mark in late 1984. Over the next year the infatuation gave way to disappointment, with a corresponding slide in the polls. In 1986 disappointment is being replaced by anger, and Tory support in opinion surveys has plummeted to the low 30s. Early this summer almost 60 per cent of Canadian voters disapproved of the way Mulroney was handling his job.

The John Turner story is only now emerging. A June poll conducted by CIBC/Executives suggests that, with Jean Chrétien as leader, the Liberals would enjoy 46 per cent of the popular vote—up almost 30 per cent from its current level. The question that generated that answer has been criticized as unfair and unrealistic: Chrétien is leading in the same government—glory that Turner himself enjoyed and, after all, he says he does not intend to seek the leadership.

Little attention has been given to the other story—the dependence of the NDP on the fate of the Liberal leader-

ship review. The chair poll question using Chrétien as Liberal leader puts the NDP back in the basement at 21 per cent, only marginally better than their level of support in the last election. A Reid poll conducted earlier this summer shows similar results when Chrétien's name is used. Whether or not Chrétien decides to return, both polls indicate that when choosing between the two and the Liberals, the public is sensitive to the issue of leadership.

Just how sensitive is illustrated by a further question included in the Reid poll. It tests the popularity of the three parties by reminding voters who currently leads each of them. Responses to that question yield a virtual three-way race, with the Liberals at 34 per cent and the NDP and Conservatives both at 33 per cent. This suggests that the NDP could do very well against the Liberals under Turner and may be poised to shed the 30-per-cent barrier in popular support for the first time in its history.

Whether they will actually achieve that level of support will depend on the public's perception of John Turner over the next three months—particularly at the Liberal convention in November. So far, in spite of generally favourable media reports, Turner still gets a lukewarm response from Canadians. He is trying harder than ever, speaking more clearly than ever, and is knowledgeable on the issues. Yet he is dogged with the image of a Bay Street lawyer who more looks for the problems of average Canadians.

As Liberal delegates gather later this year they will be faced with one of the most important and vexing issues they have had to confront this century: Will they stay with their leader in spite of the liabilities associated with his right-of-centre image? Will they renounce a bloodbath as they grasp at the ghost of left-wing populism embodied in their memories of Jean Chrétien? Or will they suffer emotional and intellectual paralysis as they ponder the underlying contradictions between the two central tenets of spiritual leader Keith Davey—keep to the left but don't criticize the leader?

Looking down from the bleachers will be Ed Broadbent and his associates from the almost-official opposition party. In a ironic twist of fate, the NDP's place in history may ultimately rest on the decision of a group of hard-core Liberal supporters.

Allen Fotheringham is an economist.

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